

FEDERAL REGISTER



VOLUME 24

NUMBER 149

Washington, Friday, July 31, 1959

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 9—SEPARATIONS, SUSPENSIONS, AND DEMOTIONS

Procedure

Section 9.102(a) (1) (ii) is amended to reflect decision B-135906 of the Comptroller General (38 C.G. 203) dated September 11, 1958. As amended, paragraph (a) (1) (ii) reads as follows:

§ 9.102 Procedure in separating, suspending, or demoting employees.

(a) * * *

(1) *Actions against employees.* * * *

(ii) The employee shall be retained in an active duty status during the period of notice of the proposed action under this section. When the circumstances are such that the retention of an employee in an active duty status may result in damage to Government property or may be detrimental to the interests of the Government, or injurious to the employee, his fellow workers or the general public, the employee may be temporarily assigned to duties in which these conditions would not exist, or placed on leave with his consent. Where these circumstances exist and it is proposed to suspend the employee, the agency may require the employee to answer the charges and submit affidavits within such time as under the circumstances would be reasonable, but not less than twenty-four (24) hours; however, a preference eligible employee may not be suspended for more than thirty days under this procedure. Where these circumstances require immediate action, the employing agency may place the employee in a non-duty status with pay for such time, not to exceed five (5) days, as is necessary to effect the suspension.

(R.S. 1753, sec. 2, 22 Stat. 403, as amended; 5 U.S.C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION.

WM. C. HULL,

Executive Assistant.

[F.R. Doc. 59-6272; Filed, July 30, 1959; 8:45 a.m.]

Chapter III—Foreign and Territorial Compensation

[Dept. Reg. 108.409]

PART 325—ADDITIONAL COMPENSATION IN FOREIGN AREAS

Designation of Differential Posts

Section 325.15 *Designation of differential posts*, is amended as follows, effective on the dates indicated:

1. Effective as of the beginning of the first pay period following September 6, 1958, paragraph (b) is amended by the deletion of the following:

India, all posts except Anand, Bangalore, Bhopal, Bombay, Calcutta, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly Jodhpur, Lucknow, Ludhiana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

2. Effective as of the beginning of the first pay period following September 6, 1958, paragraph (a) is amended by the addition of the following:

Karnal, India.

3. Effective as of the beginning of the first pay period following September 6, 1958, paragraph (b) is amended by the addition of the following:

India, all posts except Anand, Bangalore, Bhopal, Bombay, Calcutta, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Ludhiana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sindri, Tarai, Trivandrum, Udaipur, and Vellore.

4. Effective as of the beginning of the first pay period following November 1, 1958, paragraph (b) is amended by the deletion of the following:

India, all posts except Anand, Bangalore, Bhopal, Bombay, Calcutta, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Ludhiana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

5. Effective as of the beginning of the first pay period following November 1, 1958, paragraph (b) is amended by the addition of the following:

India, all posts except Anand, Bangalore, Bhopal, Bombay, Calcutta, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Lud-

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6. Effective as of the beginning of the first pay period following December 13, 1958, paragraph (b) is amended by the deletion of the following:

India, all posts except Anand, Bangalore, Bhopal, Bombay, Calcutta, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Ludhiana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sehore, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

7. Effective as of the beginning of the first pay period following December 13, 1958, paragraph (b) is amended by the addition of the following:

India, all posts except Anand, Banaras, Bangalore, Bhopal, Bombay, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Ludhi-

ana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sehore, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

8. Effective as of the beginning of the first pay period following March 7, 1959, paragraph (b) is amended by the deletion of the following:

India, all posts except Anand, Banaras, Bangalore, Bhopal, Bombay, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Ludhiana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sehore, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

9. Effective as of the beginning of the first pay period following March 7, 1959, paragraph (b) is amended by the addition of the following:

India, all posts except Anand, Banaras, Bangalore, Bhopal, Bikaner, Bombay, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Ludhiana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sehore, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

10. Effective as of the beginning of the first pay period following April 4, 1959, paragraph (b) is amended by the deletion of the following:

India, all posts except Anand, Banaras, Bangalore, Bhopal, Bikaner, Bombay, Chandigarh, Gwalior, Hazaribagh, Hyderabad, Izatnagar-Bareilly, Jodhpur, Karnal, Lucknow, Ludhiana, Madras, Nabha, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sehore, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

11. Effective as of the beginning of the first pay period following April 4, 1959, paragraph (b) is amended by the addition of the following:

India, all posts except Anand, Banaras, Bangalore, Bhopal, Bikaner, Bombay, Chandigarh, Gwalior, Hyderabad, Izatnagar-Bareilly, Karnal, Lucknow, Ludhiana, Madras, Nagarjunasagar Dam, Nagpur, Nangal, New Delhi, Pipri, Poona, Rajkot, Sehore, Sindri, Tarai, Trivandrum, Udaipur and Vellore.

12. Effective as of the beginning of the first pay period following August 8, 1959, paragraph (a) is amended by the deletion of the following:

Chaco Area, Paraguay.
Chiquimula, Guatemala.
El Recreo, Nicaragua.
Korea, all posts.

13. Effective as of the beginning of the first pay period following August 8, 1959, paragraph (b) is amended by the deletion of the following:

Iran, all posts except Ahwaz, Behshahr, Dezful, Firuzkuh, Isfahan, Kerman, Khaneh, Manjil, Sanandaj, Shahabad, Shiraz and Tehran.

14. Effective April 19, 1959, paragraph (a) is amended by the addition of the following:

Lome, Togo.

15. Effective as of the beginning of the first pay period following June 27, 1959, paragraph (a) is amended by the addition of the following:

Artibonite Valley, Haiti.

16. Effective as of the beginning of the first pay period following August 8, 1959, paragraph (a) is amended by the addition of the following:

Paraguay, all posts except Asuncion.
Sari, Iran.

17. Effective as of the beginning of the first pay period following August 8, 1959, paragraph (b) is amended by the addition of the following:

Iran, all posts except Ahwaz, Behshahr, Dezful, Firuzkuh, Isfahan, Kerman, Khaneh, Manjil, Sanandaj, Sari, Shahabad, Shiraz and Tehran.

Korea, all posts.

(Secs. 102, 401, E.O. 10000, 13 F.R. 5453, 3 CFR, 1948 Supp., E.O. 10623, E.O. 10636, 20 F.R. 5297, 7025, 3 CFR, 1955 Supp.)

Dated: July 21, 1959.

For the Acting Secretary of State.

LOY W. HENDERSON,
Deputy Under Secretary
for Administration.

[F.R. Doc. 59-6290; Filed, July 30, 1959;
8:45 a.m.]

Title 22—FOREIGN RELATIONS

Chapter I—Department of State

PART 41—VISAS: DOCUMENTATION OF NONIMMIGRANT ALIENS UNDER THE IMMIGRATION AND NATIONALITY ACT

Nonimmigrant Documentary Waivers

Part 41, Chapter I, Title 22 of the Code of Federal Regulations is amended in the following respect:

Paragraph (a) *Canadian nationals and British subjects of § 41.6 Waivers of documentary requirements for non-immigrants* is amended to read as follows:

(a) *Canadian nationals and British subjects.* A visa shall not in any case be required of a Canadian national or British subject who has his residence in Canada or Bermuda, and a passport shall not be required of such a national or subject except after a visit outside of the Western Hemisphere. A British subject who has his residence in the Bahamas shall require a passport and a visa for admission to the United States except that a visa shall not be required of such an alien who, prior to or at the time of embarkation for the United States on a vessel or aircraft, satisfies the examining United States immigration officer at Nassau, Bahamas that he is clearly and beyond a doubt entitled to admission in all other respects. A visa shall not be required of a British subject who has his residence in and arrives directly from, the Cayman Islands and who presents a certificate from the Clerk of Court of the Cayman Islands stating what, if anything, the Court's criminal records show concerning such subject, and a certificate from the Office of Administrator of the Cayman Islands stating what, if anything, its records show with respect to such subject's political associations or affiliations.

(Sec. 104, 66 Stat. 174; 8 U.S.C. 1104)

The provisions of section 4 of the Administrative Procedure Act (60 Stat. 238; 5 U.S.C. 1003) relative to notice of proposed rule making and delayed effective

date are inapplicable to this order because the regulation contained therein involves foreign affairs functions of the United States.

Dated: July 21, 1959.

JOHN W. HANES, Jr.,
Administrator, Bureau of Security and Consular Affairs, Department of State.

Dated: July 22, 1959.

J. M. SWING,
Commissioner of Immigration and Naturalization, Immigration and Naturalization Service, Department of Justice.

[F.R. Doc. 59-6289; Filed, July 30, 1959;
8:45 a.m.]

Title 6—AGRICULTURAL CREDIT

Chapter IV—Commodity Stabilization Service and Commodity Credit Corporation, Department of Agriculture

SUBCHAPTER B—LOANS, PURCHASES, AND OTHER OPERATIONS

[Amdt. 4]

PART 421—GRAINS AND RELATED COMMODITIES

Provisions for Participation of Financial Institutions in Pools of CCC Price Support Loans on Certain Commodities

The regulations issued by the Commodity Credit Corporation published in 23 F.R. 3913, as amended, containing the terms and conditions under which financial institutions may participate in pools of CCC price support loans on certain commodities are hereby amended as follows:

1. Section 421.3802 is amended by deleting the second sentence thereof and substituting in lieu thereof the following: "CCC may place in the pool for any crop year notes evidencing any other unmatured price support program loans which were disbursed under a CCC price support program for any crop year."

2. Section 421.3804 is amended by the addition of the following sentence: "If August 1 falls on a Saturday, Sunday or national holiday, the maturity date of the certificates shall be the next succeeding business day."

3. Section 421.3806 is amended by deleting the first sentence thereof and substituting in lieu thereof the following: "A certificate may be transferred to another financial institution, at any time, by endorsement and delivery of the certificate."

(Sec. 4, 62 Stat. 1070, as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072; 15 U.S.C. 714c)

Issued this 28th day of July 1959.

CLARENCE D. PALMBY,
Acting Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 59-6316; Filed, July 30, 1959;
8:48 a.m.]

Title 49—TRANSPORTATION

Chapter I—Interstate Commerce Commission

SUBCHAPTER C—CARRIERS BY WATER

[No. 32464]

PART 324—UNIFORM SYSTEM OF ACCOUNTS FOR CARRIERS BY INLAND AND COASTAL WATERWAYS

At a session of the Interstate Commerce Commission, Division 2, held at its office in Washington, D.C., on the 6th day of July A.D. 1959.

The matter of accounting regulations prescribed for carriers by water being under consideration pursuant to provisions of section 313 of the Interstate Commerce Act, as amended; and,

It appearing, that by an order dated November 7, 1946, the Uniform System of Accounts for Carriers by Inland and Coastal Waterways was prescribed but has since been variously modified by subsequent orders, and it is deemed necessary for proper reference that the regulations and the several modifications should be consolidated and published in revised form:

It is ordered, That the regulations prescribed by the order of November 7, 1946, including modifications thereof effective June 29, 1959, and prior thereto, which regulations so modified are hereby referred to and made a part hereof, be, and they are hereby, published in revised form to be cited as the Uniform System of Accounts for Carriers by Inland and Coastal Waterways, Issue of 1959; and,

It is further ordered, That notice of this order shall be given to all carriers by water subject to its provisions and to the general public by depositing a copy thereof, with the attached regulations in revised form, in the office of the Secretary of the Commission at Washington, D.C., and by filing it with the Director, Office of the Federal Register.

By the Commission, Division 2.

[SEAL] HAROLD D. McCox,
Secretary.

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432	Agency fees and commissions.	Carriers by water operating on inland and coastal waterways, and every lessor thereof subject to provisions of the Interstate Commerce Act, shall comply with regulations in this part which, as presented hereinafter, include all modifications thereof effective June 30, 1959, and prior thereto.	
433	Lay-up expenses.	(ii) <i>Classification of carriers.</i>	
TRANSPORTATION EXPENSES—TERMINAL SERVICE		(a) For the purpose of this system of accounts, carriers by water are divided into two classes as follows:	
441	Supervision.	Class A. Companies having average annual operating revenues exceeding \$500,000.	
442	Agents.	Class B. Companies having average annual operating revenues exceeding \$100,000 but not more than \$500,000.	
443	Stevedoring.	Class A companies shall keep all of the accounts of this system of accounts which are applicable to their affairs.	
444	Precooling and cold-storage operations.		
445	Light, heat, power, and water.		
446	Stationery and printing.		
447	Tug operations.		
448	Operation of highway vehicles.		
449	Local transfers.		
450	Other terminal operations.		
TRAFFIC EXPENSES			
456	Supervision.		
457	Outside traffic agencies.		
458	Advertising.		
459	Other traffic expenses.		
GENERAL EXPENSES			
461	General officers and clerks.		
462	General office supplies and expenses.		

Class B companies shall keep all of the accounts of this system of accounts which are applicable to their affairs, except that their accounts for operating revenues and operating expenses may be kept under the accounts of the condensed classification provided herein.

(b) When a uniform system of accounts is prescribed for companies having average annual operating revenues of \$100,000 or less, carriers subject thereto will be given due notice.

NOTE: Carriers by water subject to these regulations shall adopt the class of operating accounts indicated by the average of their annual operating revenues for 3 years immediately preceding the effective date of this uniform system of accounts. If subsequently at the close of any calendar year the average of such annual revenues for the 3 latest years is more or less than the amount applicable to the class in which the carrier has been accounting, the appropriate class of operating accounts based on such average shall be adopted. New companies shall estimate the amount of their annual operating revenues and adopt the class of operating accounts appropriate for the amount of such estimated revenues.

General Instructions

I Records.

(a) The carrier's records shall be kept with sufficient particularity to show fully the facts pertaining to all entries in the accounts.

(b) Where the general book entries do not contain complete information, they shall be supported by other detail records, cross-referenced for ready identification.

(c) All records shall be filed in such manner as to be readily accessible for examination by representatives of the Commission.

(d) Attention is directed to the following extract from section 313 of part III of the Interstate Commerce Act:

(g) The Commission may issue orders specifying such operating, accounting, or financial papers, records, books, blanks, tickets, stubs, correspondence, or documents of water carriers or lessors as may, after a reasonable time, be destroyed, and prescribing the length of time the same shall be preserved.

The Commission's order specifying the records which may be destroyed is contained in its "Regulations to Govern the Destruction of Records."

(e) All accounts kept shall conform in numbers and titles to those prescribed herein, except that:

(1) Carriers may subdivide the accounts provided such subdivision does not impair the integrity of the accounts prescribed.

(2) The titles of all subdivisions or subaccounts shall refer by number or title to the accounts of which they are subdivisions.

(3) When subaccounts are thus kept, it is not required that the main accounts of which they are subdivisions shall also be kept in the carrier's books.

(f) Clearing accounts may be kept when necessary or useful in making the proper distribution of items to the appropriate primary accounts.

(g) The accounts for each month shall be recorded currently so that all

transactions applicable to each month, as nearly as may be ascertained, shall be entered in the books of the carrier. Each carrier shall close its books as of the end of the calendar year.

2 Definitions.

When used in this system of accounts the term:

(a) "Actually issued" as applied to certificates of capital stock or evidences of funded debt issued or assumed by the carrier means those which have been sold to bona fide purchasers for a valuable consideration (including those issued in exchange for other securities or other property) under the condition that the purchaser secured them free from all control by the issuing carrier; also securities issued as dividends on stock.

(b) "Actually outstanding" as applied to certificates of capital stock or evidences of funded debt issued or assumed by the carrier means those which have been "actually issued" and are neither retired nor held by or for the carrier.

(c) "Additions" are structures, facilities, or equipment added to transportation property in existence and not replacing property retired.

(d) "Affiliated companies" means companies or persons that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting carrier.

NOTE: Where reference is made to control (in referring to a relationship between any person or persons and another person or persons), such reference shall be construed to include actual as well as legal control, whether maintained or exercised through or by reason of the method of or circumstances surrounding organization or operation, through or by common directors, officers, or stockholders, a voting trust or trusts, a holding or investment company or companies, or through or by any other direct or indirect means; and to include the power to exercise control.

(e) "Book cost" means the amount at which assets are recorded in the accounts of the carrier without deduction of any related reserves or other items. If the book cost of units and minor items of property retired cannot be definitely determined from the carrier's records, the book cost of such items shall be estimated.

(f) "Book liability" means the amount at which liabilities (including securities issued or assumed by the carrier) are recorded in the accounts of the carrier.

(g) "Carrier" when not otherwise indicated in the context, means the accounting carrier.

(h) "Cost of removal" means the cost of demolishing, or otherwise disposing of transportation property, and recovering the salvage.

(i) "Component rates" as applied to depreciation accounting means the rates applied to the various subclasses of property within a primary account in arriving at the depreciation charge.

(j) "Debt expense" as applied to funded debt means all expense in connection with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing

bonds, certificates of indebtedness, and other commercial paper having a life of more than one year; fees paid trustees, specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges, and other like costs.

(k) "Delayed items" means items relating to transactions which occurred before the current calendar year, but which were not recorded in the books of account in such prior years. It includes adjustments of errors in the operating revenue, operating expense, or income accounts of prior years.

(l) "Depreciable accounts" are those in which is recorded the cost of property for which depreciation accounting is required.

(m) "Depreciation" means the loss in service value not restored by current maintenance, and incurred in connection with the consumption or prospective retirement of physical property in the course of service from causes against which the carrier is not protected by insurance, which are known to be in current operation, and whose effect can be forecast with a reasonable approach to accuracy.

(n) "Discount" as applied to securities issued or assumed by the carrier means the excess of the par or face value of the securities, plus interest or dividends accrued at the date of the sale, over the current money value of the consideration received at their sale.

(o) "Fixed improvements" means buildings, wharves, docks, and other structures attached to the land, including fixtures, machinery, and other appurtenances.

(p) "Investment advances" means advances, represented by notes or by book accounts, which it is mutually agreed or intended between the creditor and the debtor shall be settled by the issuance of capital stock or funded debt or carried with no intention of making settlement.

(q) "Minor items" means any part of physical property which is not designated as a unit of property.

(r) "Nominally issued" as applied to certificates of capital stock or evidences of funded debt issued or assumed by the carrier means those which have been signed, certified, or otherwise executed and placed with the proper officer for sale, or pledged or otherwise placed in some special fund of the carrier, but which have not been sold.

(s) "Nominally outstanding" as applied to certificates of capital stock or evidences of funded debt issued or assumed by the carrier means those which after being actually issued have been reacquired by or for the carrier under such circumstances as require them to be considered as held alive and not retired.

(t) "Nonaffiliated companies" means all companies other than those defined as affiliated.

(u) "Noncarrier property" means property neither used in nor held for transportation service.

(v) "Nondepreciable accounts" are those in which are recorded the book cost of those classes of transportation property for which no charges to operating or

other accounts for depreciation are permitted.

(w) "Premiums" as applied to securities issued or assumed by the carrier means the excess of the current money value of the consideration received at their sale over the sum of their par or face value plus interest or dividends accrued at the date of the sale.

(x) "Property retired" means physical property which has been permanently withdrawn from transportation service.

(y) "Retirement" as applied to physical property means the permanent withdrawal of the property from transportation service.

(z) "Replacement" means the installation of physical property in substitution for other property which has been retired.

(aa) "Service life" means the period of time between the installation of a unit of property and its retirement.

(bb) "Service value" is the book cost of property retired plus the cost to the carrier of demolishing the property and recovering the salvage, less the value of the salvage.

(cc) "Straight-line method" as applied to depreciation accounting means the plan under which the annual depreciation charge is computed by applying such percentage rates to the book cost of items of depreciable property as will distribute their estimated service value in equal annual charges as nearly as may be to operating expenses and other accounts over their service lives.

(dd) "These accounts" means the accounts of the particular group to which the instruction relates.

(ee) "Time of installation" means the date at which property is completed and placed in transportation service.

(ff) "Time of retirement" means the date at which property is permanently withdrawn from the transportation service.

(gg) "Unit plan" means the plan under which depreciation charges are computed and the records maintained so that the total amount of depreciation accruals applicable to each unit can be determined.

(hh) "Value of salvage" means the amount received for transportation property retired and disposed of, or the amount at which material recovered will be charged if reused. In the event property is sold before it has reached the end of its useful life the amount received from the sale, less the expenditures incurred in connection therewith, shall be the value of the salvage.

3 Unaudited items.

When the amount of any item affecting revenues, expenses, or income cannot be accurately determined in time for inclusion in the accounts of the month in which the transaction occurs, the amount of the item shall be estimated and included in the proper accounts and debited or credited to the appropriate balance-sheet account. When the item is audited the necessary adjustment shall be made through the accounts in which the estimate was recorded. If, during the interval between the date of inclusion of the item in the accounts and the date on which it is audited, a substan-

tial difference from the initial estimate is determined, appropriate adjustment shall be made in the current accounts to cover such difference. The carrier is not required to anticipate items which would not appreciably affect the accounts.

4 Delayed items and adjustments.

Delayed items and adjustments except adjustments pertaining to account 150, "Depreciation reserve—Transportation property," arising during the current year which are applicable to prior accounting periods, shall be included in the same accounts which would have been credited or charged if the item had been taken up or adjusted in the period to which it pertained. When the amount of a delayed item, which is not an ordinary adjustment of a recurring nature, is relatively so large that its inclusion in income for the current year would seriously distort such income, the amount of the item shall be included in accounts 283 "Miscellaneous credits," or 285, "Miscellaneous debits," as appropriate.

5 Insurance.

(a) The amount of all insurance premiums paid in advance, other than those covering property under construction, shall be included in account 114, "Prepayments," and equitably distributed to the accounts of the period to which applicable except that minor premiums may be so distributed when audited. The cost of insurance shall be charged in accordance with the character of the loss or damage insured against.

(b) The following provisions apply if the carrier elects to insure its own risks and provides a reserve to equalize losses which may be sustained:

(1) The charges to the appropriate accounts and credits to the insurance-reserve account shall be upon the basis of rates which will fairly cover the risks insured. These rates shall be determined according to the carrier's experience and best estimates as to the hazard covered. The rates charged shall be reasonable and in no case shall they be in excess of commercial rates.

(2) Schedules of risks covered by the reserve shall be maintained giving a description of the property or the character of risks covered.

(3) If the carrier reinsures with insurance companies the risks initially covered by the insurance reserves, the premiums for such reinsurance shall be charged and amounts recovered from such commercial insurance shall be credited to the insurance reserve.

(c) The accounting in connection with claims covered by insurance shall be as follows:

(1) Units of property destroyed by casualties shall be accounted for as retired and the amount recoverable from insurance companies or chargeable to the insurance reserve shall operate to reduce the service value. No charge shall be made to the depreciation reserve for service value of property covered by insurance until the amount of insurance recovered has been exhausted; and correspondingly no profit from insurance shall be recognized unless an amount is recovered in excess of the

net book value (book cost less recorded depreciation) of the property insured.

(2) The amount of claims covered by insurance shall be charged to account 166, "Claims pending." As the claims are completed and presented for collection, the amounts collectible shall be cleared from that account to account 108, "Claims receivable," and any uncleared balance in account 166, "Claims pending," with respect to such claim shall be cleared to the appropriate accounts to which chargeable.

7 Securities or other assets pledged.

The carrier shall maintain a record of securities or other assets owned, which have been pledged as collateral security for any of its funded debt, short-term loans, or other obligations. The record shall be kept in such manner as to show with respect to a particular obligation the identity of the securities or other assets pledged as collateral.

8 Interpretation of item lists.

List of "items" appearing in the texts of the accounts are given for the purpose of clearly indicating the application of the prescribed accounting rules. The lists do not comprise all items includible in the accounts, but merely are representative. On the other hand, the appearance of an item in a list warrants its inclusion in the account only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list.

9 Submission of questions.

To promote and maintain uniformity of accounting the carrier shall submit all questions of doubtful interpretation of the prescribed accounting rules to the Commission for consideration and decision.

11 Depreciation accounting.

The accounting for depreciation shall be in accordance with the following:

(a) *Computing and filing of depreciation rates.* (1) If percentage rates have not been prescribed, the carrier shall file with the Commission component annual percentage rates estimated to be applicable to the book cost of each class of depreciable transportation property owned by it. These percentage rates shall be based on the estimated service values and service lives developed by a study of the carrier's history and experience and such engineering and other information as may be available with respect to prospective future conditions. They shall be such that the service value of the property may be distributed under the straight-line method to operating expenses during its service life. The annual percentage rates, when filed, shall be accompanied by a statement showing the bases therefor and the methods employed in their computation.

(2) In the event annual percentage rates prescribed by the Commission are no longer considered currently applicable, the carrier shall file revised annual percentage rates which in its judgment should be established. Where property is acquired for which no rates have been prescribed, the carrier shall compile and submit to the Commission appropriate estimates.

(3) The carrier shall keep such records of depreciable property and property retirements as will reflect the service life of property which has been retired, or will permit the determination of service-life indications by mortality, turnover, or other appropriate methods; also such records as will reflect the percentage of value of the salvage for property retired from each class of depreciable property. The carrier shall at any time, upon direction of the Commission, compute and submit for approval revised percentage rates in cases where existing rates are deemed inapplicable.

(b) *Depreciation charges.* All depreciation charges to operating expenses, and concurrent credits to the depreciation reserve shall be made monthly. In computing such monthly charges and credits, the prescribed annual percentage rates shall be applied to the book cost recorded in the respective primary accounts as of the first of each month and the result divided by twelve.

(c) *Depreciation rates.* A separate component annual percentage rate for each class of depreciable property shall be used in computing depreciation charges. Such rates shall be those prescribed by the Commission, except that where no rates have been prescribed, the carrier's estimate shall be used until rates are prescribed.

(d) *Depreciable property accounts.* Depreciable property accounts are as follows:

141. Line equipment.
142. Harbor equipment.
143. Miscellaneous floating equipment.
144. Buildings and other structures.
145. Office and other terminal equipment.
146. Motor and other highway equipment.

(e) *Accrued depreciation.* At the time of retirement of depreciable property the amount of depreciation accrued and included in account 150, "Depreciation reserve—Transportation property," with respect to the particular unit or item retired shall be charged thereto. Any difference between the service value of the particular unit or item retired and the amount charged to account 150 shall be included in the appropriate income or retained income account.

(f) *Insurance recoverable.* When amounts are recoverable from insurance companies or chargeable to the insurance reserve in connection with retirement of depreciable property, the difference between the insurance recoverable and the net book value of the property (book cost less recorded depreciation) should be included in the appropriate income or retained income account.

(g) *Inadequate or excessive balance.* If it develops that the balance in the reserve is inadequate or excessive, the carrier may with approval of the Commission adjust the reserve and charge account 285, "Miscellaneous debits," or credit account 283, "Miscellaneous credits," as appropriate. The carrier's application to the Commission shall give full particulars.

(h) *List of accounting units of property.* (1) The following list of units of floating equipment and other transportation property is established for the purpose of designating items of physical property included in each depreciable

account, the book cost of which, if not less than \$500, shall be credited to the respective property accounts at time of retirement. The replacement of items of property costing less than \$500 shall be charged to the appropriate maintenance account and no adjustment is required of the property account. Upon application to the Commission a minimum lower than \$500 may be authorized.

(2) The book cost of all property retired and not replaced shall be credited to the transportation property accounts.

(3) Accounting units of property shall include major units acquired as standby equipment such as a complete propulsion engine, boiler, propulsion motor, generator, etc. The carrier may include the cost of these standby units as part of the book cost of the units of floating equipment to which they apply or such standby units may be carried in a sub-account as a separate accounting unit.

I. FLOATING EQUIPMENT—VESSELS

141. Line equipment:

A barge, canal boat, ferry boat, lighter, motor ship, motor launch, power boat, power ship, sailing vessel, steamboat, steamship, tug boat, or other complete unit of floating equipment.

A complete propulsion engine, boiler, propulsion motor, or generator for propulsion power.

II. OTHER FLOATING EQUIPMENT

142. Harbor equipment:

A barge, car or other float, ferry boat, lighter, motor launch, transfer boat, tug boat, or other complete unit of floating equipment.

A complete propulsion engine, boiler propulsion motor or generator for propulsion power.

143. Miscellaneous floating equipment:

A float or other complete unit of floating equipment.

A complete propulsion engine, boiler, propulsion motor or generator for propulsion power.

A complete derrick, dredge, or pile driver.

III. TERMINAL PROPERTY AND EQUIPMENT

144. Buildings and other structures:

A complete building.
A complete platform not an integral part of a building. Complete paving at a terminal.
A complete fence.

A complete heating, lighting, ventilating, water-supply, air-conditioning, plumbing, or drainage system.

A complete elevator system.

A motor, generator, steam engine, pump, ventilating fan, air washer, elevator drum, machine tool, or similar item of equipment.

A fuel station.

A refrigerator plant.

A section of track.

A complete toilet-room equipment.

A dust-collecting system.

A complete slip.

A complete wharf.

A ferry bridge.

A float bridge.

A complete unit of machinery equipment for transferring and handling coal or ore.

145. Office and other terminal equipment:

Any article of furniture, office appliance, engineering instrument or other complete unit of equipment costing \$500 or more.

146. Motor and other highway equipment:

A complete vehicle.

A motor.

A trailer.

A semitrailer.

12 Amortization of investment in leased property.

Under the conditions that improvements made by the lessee to leased property revert to the lessor at the termination of the lease, the amount of such improvements shall be amortized over the life of the lease through charges to account 413, "Amortization of investment—Leased property."

Balance-Sheet Instructions

21 Purpose of balance-sheet accounts.

The balance-sheet accounts are intended to disclose the financial condition of the carrier as of a given date by showing the assets, liabilities, capital stock, and surplus or deficit of the carrier.

22 Current assets.

(a) In the group of accounts designated as current assets shall be included cash, those assets which are readily convertible into cash or held for current use in operations, current claims against others, and amounts accruing to the carrier which are subject to current settlement.

(b) There shall not be included in this group any item the collection of which is not reasonably assured by the known financial condition of the debtor. Items of current character but of doubtful value shall be written down or written off by charges to account 109, "Reserve for doubtful accounts." Items of a noncurrent character shall be included in account 170, "Other deferred assets," at an amount not in excess of a reasonable estimate of future value. If it is desired to retain a record of assets written off, they shall be recorded at a nominal value in account 170, "Other deferred assets."

23 Book cost of securities owned.

(a) Securities of others acquired by the carrier shall be recorded in these accounts at the money value, at time of acquisition, of the consideration given therefor by the carrier, but excluding amounts paid for accrued interest and dividends.

(b) The carrier shall write down such book cost in recognition of a decline in the value of the securities, but fluctuations in market values shall not be recorded. A permanent impairment in the values of the securities shall be recognized, and they shall be written down to a fair value, or written off if there is no reasonable prospect of future value. The amount of such adjustment shall be debited to account 285, "Miscellaneous debits."

(c) When securities with a fixed maturity date are purchased at a discount or premium (i.e., when the total cost, including brokerage, taxes, commissions, etc., is less or more than par), such discount or premium may be amortized over the remaining life of the securities, through periodic debits in the case of discount, and periodic credits in the case of premium, to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and with corresponding credits and debits to the account in which the interest income is recorded.

(d) No debits, however, shall be recorded in respect of discount upon securities held as investments, or in special funds, if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par value or the par value will not be collected at date of maturity.

24 Company securities owned.

Securities actually issued or assumed by the carrier which have been reacquired shall be either retired or if not retired, carried in accounts 191, "Reacquired and nominally issued capital stock," or 190, "Reacquired and nominally issued long-term debt," unless it is required by provisions of a mortgage or by decision of a trustee, not subject to control by the carrier, that funded debt securities be retained alive in sinking or other special funds. Reacquired securities not retired shall be shown at par or face value.

25 Income from sinking and other reserve funds.

(a) When interest and other income arising from funds are required by the mortgage or other provisions to be held in the funds, the amounts shall be charged to the appropriate fund. If such fund was established by reservations of retained income, amounts so set aside shall be charged to account 286, "Miscellaneous reservations of retained income," and credited to account 260, "Retained income—Appropriated."

(b) Accretions representing interest, dividends, or other returns accrued on fund investments and retainable in such funds shall, at the time such accretions are charged to the fund, be credited to account 505, "Income from sinking and other special funds," and also charged to account 286, "Miscellaneous reservations of retained income," with concurrent credit to account 260, "Retained income—Appropriated."

26 Discount, expense, and premium on capital stock.

(a) Separate ledger accounts shall be kept in which to record discount suffered, expense incurred, and premium realized at the sale of each class and series of capital stock issued, or assumed by the carrier; also in which to record general levies or assessments against stockholders for each class and series of capital stock against which levies or assessments are made.

(b) The debit balances in the ledger accounts for discount and expense shall be included in account 243, "Discount and expense on capital stock," and the credit balances in the ledger accounts for premiums, levies, or assessments shall be included in account 250-1, "Premiums and assessments on capital stock."

(c) Discount and expense on capital stock may be amortized by charges to account 285, "Miscellaneous debits," or discount and expense may be retained and carried in account 243 until the stock to which the discount and expense apply is retired. Premiums and assessments on capital stock shall be carried in account 250-1 until the stock to which the premiums and assessments apply is retired.

(d) When an issue of capital stock or any part thereof is reacquired, it shall be retired or carried in account 191, "Reacquired and nominally issued capital stock," at par, or if nonpar stock, at the pro rata proportion at which it is carried in account 240, "Capital stock", unless it is required that it be retained alive in sinking or other funds. The difference between the amount at which such reacquired stock was recorded in account 240, "Capital stock," and the amount paid by the accounting company for such stock, combined with the recorded premium or discount and expense in respect to the reacquired stock at the date reacquired, shall be included in account 250-2, "Paid-in surplus." In no event, however, shall net debits exceed the accumulated credits in account 250-2, "Paid-in surplus," applicable to the particular class of capital stock reacquired. Any excess of debits over the accumulated credits in account 250-2 shall be charged to account 285, "Miscellaneous debits."

(e) If reacquired capital stock is resold, the difference between the amount at which such stock is recorded in the accounts and the net sale price realized from its sale shall be included in account 250-2, "Paid-in surplus," except that debits to that account shall be limited to the accumulated credits therein applicable to that particular class of stock and any excess shall be charged to account 285, "Miscellaneous debits."

27 Discount, premium, and expense on long-term debt.

(a) Separate discount, premium, and debt expense ledger accounts shall be kept in which to include both discount suffered, premium realized, and expense incurred, in connection with the sale of each class and series of long-term debt (including receivers' and trustees' securities) issued or assumed by the carrier.

(b) Each month there shall be credited to each account in which there is a debit balance, such proportion (based upon the ratio of the period to the remaining life of the security) of the debit balance therein as is applicable to the period. The amounts thus credited shall be concurrently charged to account 530, "Amortization of discount on long-term debt." Correspondingly, each month there shall be charged to each account in which there is a credit balance a similar proportion of the credit balance therein applicable to the period. The amounts thus charged shall be concurrently credited to account 506, "Release of premium on long-term debt."

(c) Except as provided in instruction 44(i) (3), no part of the balance for discount, premium, and expense on long-term debt shall be included as part of the cost of acquiring property or part of the cost of operation.

(d) Except as otherwise provided in this instruction, the balance in each account shall be carried until the reacquirement of the securities to which it relates at which time the proportion (based on the relation of the amount reacquired to the total outstanding before reacquirement) of the balance in the account for the particular class of long-term debt reacquired shall be closed to

account 283, "Miscellaneous credits," or account 285, "Miscellaneous debits," as may be appropriate.

(e) In stating the balance sheet, if the net in the ledger accounts for all classes of long-term debt outstanding is a debit balance, the amount shall be included in account 174, "Debt discount and expense," and if a credit balance, the amount shall be included in account 231, "Premium on long-term debt."

28 Conversion of securities.

Journal entries which record the reacquirement of capital stock or funded-debt securities by issuing in exchange therefor the carrier's capital stock or funded debt securities, shall be submitted to the Commission for approval before they are spread upon the carrier's books. The text of such entries shall give complete information concerning the plan of exchange, the authority of the regulatory body with respect thereto, if any; and the basis upon which the amounts in the entries have been determined.

29 Contingent assets and liabilities.

(a) Contingent assets represent possible sources of value to the carrier contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may, under certain conditions, become obligations of the carrier but are not obligations at the date of the balance sheet.

(b) Contingent assets and liabilities shall not be included in these accounts, but such records shall be kept as will enable the carrier to report all items of significant amount. If the contingent assets and liabilities become actual, they shall be included in the appropriate accounts herein, and prior to such time they shall be shown in a supplemental statement accompanying the carrier's balance sheet.

30 Reorganizations.

(a) Where a carrier involved in receivership or bankruptcy is so reorganized as to preserve in whole or in part the interests of its owners and creditors, whether through the owning corporation or a successor corporation, or is a company resulting from reorganization of a carrier in any other manner, and such carrier or company emerges from such reorganization as the owner of investments, it shall at the time of recording such investments on its books include in account 151, "Acquisition adjustment," the net difference between the total of accounts 100 to 191, inclusive, and the total of accounts 200 to 245, inclusive, as those accounts are properly adjusted under the reorganization plan.

(b) The carrier shall apply to the Commission for permission to use the adjustment account, so far as it is adequate, for the adjustment of all differences between amounts originally set up with respect to such investment items and the values of such items as finally determined; and retained income shall be affected only by losses and gains clearly attributable to operations subsequent to date of reorganization.

Property Instructions

41 Purpose of the property accounts.

The primary property accounts are designed to show an accounting analysis of the book cost of:

(a) Property owned and used by the carrier in its transportation service.

(b) Property owned by the carrier and leased to others for transportation service.

42 Basis of charges.

The costs includible in these accounts, except as provided in instructions 45 and 49, are actual money costs to the carrier. When the consideration for the acquisition of property is other than money, the current cash value of such consideration shall be recorded as the cost of the property acquired.

44 Cost of construction.

The cost of the construction of transportation property chargeable to these accounts shall include the following:

(a) "Cost of labor" includes the amount paid for labor performed by the carrier's employees. The salaries and expenses of engineers and other officers specifically assigned to construction work shall be included in the accounts appropriate for the cost of the property in connection with which their services are rendered. No charge shall be made to these accounts for the pay of operating officers and members of their staffs who merely render service incidentally in connection with construction work.

NOTE: The office, traveling, and other personal expenses of officers and employees shall be included in the accounts to which their pay is chargeable, except that traveling and incidental expenses incurred by operating officers and members of their staffs while rendering service incidentally in connection with construction shall be included in the cost of the work upon which they are incidentally engaged.

(b) "Cost of material, supplies, and small tools" includes the purchase price at the point of free delivery, plus costs of royalties, if any, inspection, loading, transportation, and an equitable proportion of store expenses.

In determining the cost of material used, proper allowance shall be made for the value of unused portions, small tools recovered and used for other purposes, and all other salvage.

NOTE: The cost of individual items of equipment of small value (\$25.00 or less) or of short life, including small tools, shall not be charged to the cost of construction unless the correctness of the accounting is verified by current inventories, but shall be charged to operating expenses.

(c) "Special-machine service" includes the cost of material and supplies used in operating the carrier's machines and work equipment; it also includes expenditures for the rental, maintenance, and operation of machines and equipment of others.

NOTE: No charge shall be made to these accounts to cover a return upon the carrier's investment in special machines or work equipment used in construction service.

When special machines and work equipment are purchased for use in construction

work, their cost shall be included in account 149, "Construction work in progress." If the machines or equipment are sold at the completion of the work, their sale price shall be credited to account 149. In case they are retained for use in transportation service their appraised value at the completion of the work shall be charged to the appropriate property account and concurrently credited to account 149.

(d) "Cost of transportation" includes the amounts paid to other companies or individuals for the transportation of men, material and supplies, special-machine outfits, appliances, and tools in connection with construction.

NOTE: Freight charges paid other carriers for the transportation of construction material shall be included, so far as practicable, as a part of the cost of the material.

(e) "Cost of contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, engineering and supervision applicable to such work, costs incident to the award of the contracts, and inspection of the work.

(f) "Cost of protection" includes expenditures for protection in connection with construction.

(1) From casualties, including the cost of protection against fire, payments for discovery or extinguishment of fires, cost of detecting incendiaries including witness fees, amounts paid to municipal corporations and others for fire protection, and analogous items.

(2) From damages to others, including the cost of protecting the property of others from damage in the processes of construction work, and analogous items.

(g) "Cost of injuries and damages" includes expenditures on account of injuries to persons or damage to property when incident to construction. Such costs shall be included in the cost of the work in connection with which the injury or damage occurs, except that extraordinary losses that result in the destruction of units that have to be entirely replaced prior to completion of the project shall be charged to account 285, "Miscellaneous debits," and casualties to the extent covered by insurance shall be charged to account 166, "Claims pending"; also the portion of premiums paid for insuring against casualties applicable to the period prior to the completion of the property insured. The cost of injuries and damages in connection with the removal of old structures which are incumbrances on newly acquired land shall be included in account 147, "Land."

(h) "Taxes" on physical property belonging to the carrier including payroll taxes assessed during construction and before the facilities are used for transportation service shall be included in the accounts appropriate for the cost of the property so taxed.

(i) "Interest during construction" includes the net cost of borrowed funds used for construction purposes. Such interest shall be charged to the accounts appropriate for the cost of the property in connection with which the funds are expended. The period for which interest may be charged shall be limited to the period of construction. The interest includible in these accounts is:

(1) Interest on bonds, notes, and other evidences of indebtedness sold, and on

interest-bearing debt incurred for the acquisition or construction of property for use in transportation service. It includes the interest accruing on that part of the debt representing the cost of property acquired (less interest, if any, allowed to carriers on unexpended balances) after such funds become available for use and before the completion of the property acquired. Interest accruing before the proceeds from the sale of the securities become available for use shall not be included in these accounts.

(2) There shall be deducted from such interest charges a proportion of premium on securities sold. The amount of premium thus deductible shall be determined by the ratio which the period between the date the proceeds from the securities issued become available and the completion of the property bears to the entire life of the securities issued.

(3) There shall be added to such interest charges a proportion of discount and expense on funded debt securities sold. The amount of discount and expense thus chargeable shall be determined by the ratio which the period between the date the proceeds from the securities issued become available and the completion of the property bears to the entire life of the securities issued. In no case except as provided in this paragraph shall discounts be included in these accounts.

(4) On expenditures made for a construction project that has been suspended, no interest charges from the date of suspension shall be included in these accounts unless specifically authorized by the Commission.

(j) The cost of disposing of material excavated, including privilege of wasting in connection with construction, shall be considered as a part of the cost of the work, except that when such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used.

(k) The cost of launching and trial trips of floating equipment which is borne by the carrier shall be considered as part of the purchase price of floating equipment.

(l) When any equipment or other water-line property is acquired under an agreement which provides that the cost shall be paid in installments, the cost shall be charged to the appropriate property accounts at the time of its acquisition, in the same manner as the cost of property purchased outright. When notes or other securities are issued in payment, or in part payment, for such property and their value on a current cash basis is more or less than their face value, the difference between the face value of the securities and their cash value shall be charged or credited to the appropriate discount and expense or premium account.

45 Water-line property acquired.

(a) When transportation property constituting an operating unit or system is acquired by purchase, merger, consolidation or otherwise, the cost to the accounting carrier of the property acquired

shall be included temporarily in account 151, "Acquisition adjustment." If the consideration is other than cash, the cash value thereof at the time control was acquired (estimated if not known) shall be the cost of the property acquired.

(b) When the assets acquired include not only transportation property but also securities and other assets, a reasonable estimate, as nearly as determinable of the value inherent in such securities and other assets, except intangible assets, shall be deducted from the total cash cost and the remainder shall be included in account 151, "Acquisition adjustment." The values assigned to the securities and other assets acquired shall be included in the accounts appropriate for such assets. The cost of intangible assets such as operating rights shall be retained in account 151, "Acquisition adjustment." (See account 223, "Amortization reserves—Intangible assets.") The par or recorded value of any securities issued and the cash value at date of contract of other liabilities assumed shall be included in determining the cost of the transportation property acquired with contra credit to the appropriate liability accounts. Any necessary adjustment between par value and cash value of securities issued shall be included in the appropriate premium or discount accounts.

(c) The accounting for the acquisition of transportation property shall be completed as follows:

The book cost of the physical property at the date of acquisition as shown by the records of the former owner shall be appropriately distributed and charged to the primary property accounts with contra credit to account 151, "Acquisition adjustment." Concurrently, account 150, "Depreciation reserve—Transportation property," shall be credited and account 151, "Acquisition adjustment," charged with the amount carried in the depreciation reserve of the former owner. Under no circumstances shall the amount charged to the primary accounts as the book cost of transportation property acquired exceed the original cost of the property when first devoted to transportation service.

(d) If the transportation property when acquired is in such physical condition that it is necessary substantially to rebuild the property in order to meet the standard required by the accounting carrier, the cost of such work shall be included in account 151, "Acquisition adjustment," and the distribution to primary accounts shall be deferred until the rehabilitation program has been completed so that the cost of the new property installed may be distributed to the appropriate primary account rather than the cost of the property retired.

(e) In connection with the acquisition of transportation property the accounting carrier shall procure all existing records relating to the property acquired or certified copies thereof and shall preserve such records until authorized by the Commission to destroy or otherwise dispose of them.

(f) Journal entries which record the acquisition of transportation property shall be submitted to the Commission for approval before they are spread upon the

accounting carrier's books. The text of such entries shall give a complete description of the property acquired.

(g) Any balance in account 151, "Acquisition adjustment," is subject to such disposition as the Commission may direct.

46 Overhead construction costs.

(a) Overhead construction costs, such as engineering, supervision, legal expenses, insurance, injuries, damages, taxes, and interest shall be distributed equitably to the work benefited, so that the entire cost of construction, both direct and indirect, may be included in the appropriate primary account.

(b) These instructions shall be interpreted as requiring the assignment of the actual overhead costs to the cost of each particular project.

47 Retirements and replacements.

(a) *Book cost.* At the time of retirement, the book cost (estimated if not known) of transportation property retired from service, shall be credited to the appropriate property accounts in which included.

(1) Land retired including the proportional cost of public improvements pertaining to the land.

(2) Units of depreciable property retired.

NOTE: The dismantling of a structure or unit of equipment in order to replace parts with improved parts, the purpose of which is to modernize the unit and create an expectation of life fairly comparable with a new unit shall be accounted a retirement. The dismantling of such property only to the extent necessary to recondition or replace defective parts shall be accounted as repairs.

(3) Minor items of depreciable property retired and not replaced.

NOTE: If the book cost of a minor item retired is small, is not under a general plan, and in the judgment of the carrier does not affect the condition and value of the property for valuation or depreciation purposes, and will be accounted for by inclusion in the unit of property, of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(4) Minor items of depreciable property retired and replaced with items of a different type or design or constructed of a different grade of material effecting a substantial improvement and rendering the part applied more durable or of greater capacity than that retired.

NOTE: If the retirement and replacement of minor items is in kind or does not effect a substantial improvement, the cost of the replacement including cost of removal shall be charged to the maintenance account appropriate for repairs, and no adjustment shall be made of the property accounts.

(b) The amounts thus credited to the primary property accounts shall be charged as follows:

(1) Units and minor items of property. The accounting for units and minor items of property accounted for as retired shall be in accordance with instruction 11(h).

(2) The value of salvage from retired property shall be charged according to the disposition of the material recovered. If retired property is held temporarily

without being torn down, the estimated value of the salvage recoverable shall be included in account 170, "Other deferred assets," until the property is dismantled or otherwise disposed of. If retired property is held by the carrier for other than water-line service, its appraised value shall be included in account 160, "Noncarrier physical property."

(3) The cost of removal shall be included in determining the service value of property retired.

(c) *Land retired.* The book cost of the land, including the proportional cost of public improvements pertaining to the land, retired from service shall be credited to accounts 147, "Land," and 148, "Public improvements," respectively. If the land is sold, the necessary adjustment between the book cost and the sale price shall be included in account 508, "Profits from sale or disposition of property," or account 525, "Losses from sale or disposition of property," or retained income, as appropriate. If the land is retained, its appraised value shall be charged to account 160, "Noncarrier physical property," and the necessary adjustment included in account 508, "Profits from sale or disposition of property," or account 525, "Losses from sale or disposition of property," or retained income, as appropriate.

(d) *Sale of property.* In case carrier or noncarrier depreciable property is sold or otherwise disposed of and the net proceeds realized including insurance and salvage, are in excess of the net book value (book cost less recorded depreciation), such excess shall be credited to account 282, "Profits from unusual sales of property," or account 508, "Profits from sale or disposition of property," as appropriate.

48 Leased property.

(a) The cost of initial improvements (including rearrangements and additions) to property leased from others for transportation service made in the course of preparing the property for such service and the cost of any subsequent additions or improvements made to such leased property shall be charged to account 158, "Improvements on leased property."

(b) When improvements to leased property are of relatively minor cost or the lease is for a period not exceeding one year, the cost shall be charged to the appropriate repair account in operating expenses.

49 Donations.

(a) The carrier shall credit account 151, "Acquisition adjustment," at the time of acquisition, with the current money value of land and other grants contributed by governmental agencies or donations by individuals or companies toward the construction or acquisition of property used in transportation service, after obtaining the approval of the Commission.

(b) Any advances made by individuals and companies with provisions for partial or complete reimbursement shall not be considered as donations prior to the fulfillment of all conditions, and then only to the extent to which the liability

for reimbursement is nullified. Prior to such determination the amounts received shall be credited to account 232, "Other deferred credits."

Surplus Instructions

51 Purpose of capital surplus account.

The capital surplus account is designed to show surplus arising from sources other than retained income.

52 Purpose of retained income account.

The retained income accounts are designed to show the changes in retained income during each calendar year as affected by the balance of the income account as reported for the period; by any disposition of retained income made solely at the option of the carrier; and by miscellaneous gains or losses not provided for elsewhere.

53 Segregation of surplus.

The carrier shall maintain account 250, "Capital surplus," account 260, "Retained income—Appropriated," and account 280, "Retained income—Unappropriated." If prior to January 1, 1942, a separation has not been maintained, the surplus shall be segregated, so far as practicable between capital surplus and retained income. The carrier shall carry any surplus that cannot be segregated in an account entitled "Surplus prior to January 1, 1942." The account so designated shall be carried until the balance therein has been entirely cleared.

Income Instructions

61 Purpose of income accounts.

(a) The income accounts are designed to show as nearly as practicable for each calendar year the amount of money that a carrier becomes entitled to receive for transportation services rendered, the income accrued upon investments in securities and noncarrier property, the accrued costs payable for the transportation services rendered, the amounts accrued for taxes, for use of moneys, and for use of properties of others.

(b) All items of profit and loss recognized during the year are includible in net income except those resulting from unusual sales of property and from delayed items (other than ordinary adjustments of a recurring nature), when the item of profit or loss is material in relation to net income for the year. Material items are those which, unless excluded from income accounts, would distort the accounts and impair the significance of net income for the year so that misleading inferences might be drawn therefrom.

62 Statement of income accounts.

The accounting for income shall be, as nearly as practicable, coincident with the transactions which create them. For the purpose of meeting this requirement, the carriers shall account for unaudited income upon an accrual basis.

Operating Revenue Instructions

71 Purpose of operating revenue accounts.

The operating revenue accounts are designed to show the amounts of revenue which the carrier becomes entitled to re-

ceive from the furnishing of transportation service, including service incidental thereto.

72 Statement of operating revenue accounts.

(a) The accounting for operating revenues, as nearly as practicable, shall be coincident with the transactions which create them. For the purpose of meeting this requirement, the carrier shall account for unaudited revenues upon an accrual basis.

(b) The revenue accounts shall not be used as clearing accounts for other carriers' proportions of revenue, except that overcharges or undercharges may be carried in these accounts until adjusted.

Operating Expense Instructions

81 Purpose of operating expense accounts.

The operating-expense accounts are designed to show expenses of the carrier in furnishing transportation service, and services incidental thereto including the expenses of maintenance (repairs, depreciation, and amortization) of the property used in such service.

82 Statement of operating expense accounts.

The accounting for operating expenses, as nearly as practicable, shall be coincident with the transactions which create them. For the purpose of meeting this requirement, the carrier shall account for unaudited expenses upon an accrual basis.

84 Maintenance expenses.

The accounts provided for maintenance are designed to show the cost of repairs, including the cost of replacing minor items of retired property in kind; the cost of supervision and inspecting and testing to determine the need of repairs, rearrangements, and inspecting and testing after repairs have been made. (See accounts 473, "Full insurance and damage" and 477, "Other insurance," respecting repair costs borne by carriers under deductible provisions of insurance policies or otherwise not collectible from underwriters or others).

85 Cost of repairs.

(a) The cost of repairing fixed improvements or equipment shall be included in the appropriate repair accounts of this classification.

(b) The several items of cost here referred to are defined as follows:

(1) "Cost of labor" includes the pay and expenses for work performed by the carrier's employees, including the pay and expenses of members of vessel's crews while actually engaged in making or supervising repairs on vessels in inactive service.

(2) "Cost of material and supplies," including small tools, is the purchase price at the point of free delivery, plus the cost of inspection and loading borne by the carrier, and a suitable proportion of store expense; it includes freight charges paid to other carriers, but shall not include freight charges over the carrier's lines. Cash discounts on material purchased which can be directly

assigned shall be credited to the cost of the materials to which they apply. Other discounts shall be apportioned on the basis of the apportionment of store expenses. In calculating the cost of materials, proper allowance shall be made for the value of unused portions and other salvage.

(3) "Cost of equipment work service" includes wages paid crews, including wages of crews held in readiness for such service; and the cost of fuel and other supplies consumed in the operation of equipment, including pile drivers, dredges, and other machines used in work service.

(4) "Contract work" includes amounts paid for repair work performed under contract by other companies, firms, or individuals, and costs incident to the awarding of the contract.

(5) "Cost of protection from casualties" includes expenditures for protection against fire, flood, etc., such as payments for discovery or extinguishment of fires, cost of detecting and prosecuting incendiaries, including witness fees, amounts paid to municipal corporations and others for fire protection and protection against damages by floods, and analogous items. It does not include insurance premiums paid to assure reimbursement for prospective losses.

Balance Sheet Accounts

ASSET SIDE

CURRENT ASSETS

100 Cash.

This account shall include the amount of current funds available for use of demand or for general purposes in the hands of financial officers and agents or deposited in banks or trust companies including cash in transit for which agents or others have received credit.

NOTE: If the withdrawal of any portion of the cash recorded in this account is restricted for any purpose except the usual time limit for savings accounts, the balance sheet must carry an appropriate notation to that effect.

101 Imprest funds.

This account shall include cash funds maintained at fixed amounts as revolving funds to be used for minor disbursements requiring immediate payment, the funds being regularly reimbursed from the general cash.

102 Special cash deposits.

(a) This account shall include the amounts of cash on special deposit (other than in special funds or deposits as elsewhere provided) for the payment of dividends, interest, and other debts, of a current nature, when such payments are due one year or less from the date of deposit; also the amount of cash deposited to insure the performance of contracts to be performed within one year from the date of the deposits; and other cash deposits of a special nature not provided for elsewhere.

(b) This account shall include also cash realized from the sale of the carrier's securities and deposited with trustees to be held until disbursed for the purpose for which the securities were sold, provided that cash so held until

disbursed for such purpose, including cash held for redemption of securities, shall be included in account 124, "Other special funds," unless the liability for the disbursement is included under current liabilities.

NOTE A: Cash on deposit in special accounts, where the funds are available for the current requirements of the carrier, shall be included in account 100, "Cash."

NOTE B: Deposits for more than one year not offset by current liabilities shall be charged to account 125, "Special deposits."

103 Marketable securities.

This account shall include the book cost of readily marketable securities acquired for the purpose of temporarily investing cash, such as demand and time loans, including certificates of deposit, bankers' acceptances, United States Treasury bills, and other marketable securities readily converted into cash, but excluding securities of affiliated companies.

NOTE A: Securities issued or assumed by the carrier shall not be included in this account.

NOTE B: Investments in securities of other companies shall be included in the appropriate investment account unless they were purchased with the intention to sell them within one year, and they have not been held one year.

104 Traffic and car-service balances—Dr.

This account shall include the net of the balances receivable from or payable to other companies representing traffic and interline accounts, when such balance results in a net debit.

NOTE: When the net of the balances is a credit, it shall be included in account 203, "Traffic and car-service balances—Cr."

105 Notes receivable.

This account shall include the book cost not includible elsewhere of all collectible obligations in the form of notes receivable, or other similar evidences (except interest coupons) of money receivable on demand or within a time not exceeding one year from date of issue.

NOTE A: Notes receivable from affiliated companies subject to current settlement shall be included in account 106, "Affiliated companies—Notes and accounts receivable."

NOTE B: Notes discounted, sold, or transferred, unless transferred without recourse, shall be separately accounted for.

NOTE C: Notes evidencing investment advances to other companies shall be included in the appropriate investment account.

106 Affiliated companies; notes and accounts receivable.

This account shall include the total of amounts receivable from affiliated companies which are subject to current settlement, such as balances in open accounts for services rendered, material furnished, traffic or interline accounts, claims, rent for use of property, and similar items; interest and dividends due from affiliated companies; and loans, notes, and drafts for which affiliated companies are liable.

NOTE A: No amounts representing dividends receivable shall be included in this account unless they have been declared or guaranteed.

NOTE B: Investment advances shall be included in account 130, "Investments in affiliated companies."

107 Accounts receivable.

(a) This account shall include amounts due from others (except affiliated companies) for material and supplies furnished and services rendered, including transportation and other services, use of property, matured rents, amounts owing by public authorities, and amounts of collectible judgments.

(b) This account shall also include net balances in current accounts due from agents, masters, pursers, and other employees and representatives charged with the collection and custody of current revenues.

NOTE: Amounts of cash advanced to masters, pursers, or others as working funds shall be included in account 113, "Working advances."

108 Claims receivable.

This account shall include claims transferred from account 166, "Claims pending," including insurance claims which have been compiled and presented to underwriters for collection and other adjusted claims collectible within one year.

109 Reserve for doubtful accounts.

(a) This account shall be credited each month with amounts estimated as the loss due to uncollectible accounts. To this account shall be charged such amounts as are determined to be uncollectible. Amounts written off as uncollectible and later collected shall be credited to this account.

(b) The estimates shall be adjusted at the end of each year to conform to the experience of the carrier as determined by an analysis of its notes, accounts, and claims receivable.

110 Subscribers to capital stock.

This account shall include demand or short-term notes receivable or other amounts charged to subscribers to capital stock at the time subscriptions are accepted. Concurrently there shall be credited to account 241, "Capital stock subscribed," the par value of the stock subscribed, or the agreed purchase price in the case of stock without par value. Appropriate entries shall likewise be made with respect to any discount or premium. Payments made by subscribers shall be credited to this account.

112 Accrued accounts receivable.

This account shall include the amount of interest accrued to the date of the balance sheet on bonds, notes, deposits, open accounts, and other interest-bearing obligations, the amount of matured dividends, and dividends accrued on stocks when contracts require that the dividends be paid at stated times. It shall also include unmatured rents receivable and other unaudited current items receivable accrued to the date of the balance sheet. It is not required that minor items shall be accounted for upon an accrual basis.

NOTE A: No amounts representing interest, dividends, or rents receivable shall be included in this account unless collection

thereof is reasonably assured by past experience, anticipated provision, or otherwise.

NOTE B: No dividends or other returns on securities issued or assumed by the carrier shall be included in this account.

NOTE C: Interest, dividends, and rents receivable from affiliated companies shall be included in account 106, "Affiliated companies—Notes and accounts receivable."

113 Working advances.

This account shall be charged with the amount of cash advanced to officers, employees, and masters, pursers, and other ship officers as working advances from which payroll, traveling, and other cash disbursements are to be made and accounted for. This account shall be credited, in the course of closing the voyage accounts and recording the transactions in the accounts, with all disbursements made with the approval of the master.

114 Prepayments.

This account shall include amounts representing prepayments of taxes, insurance, interest, rents, and miscellaneous. Deposits made to cover insurance premiums, such as premiums computed on payrolls, shall be considered premiums paid in advance.

This account shall be credited and the appropriate account charged in such manner as to distribute the amount of prepayment over the term to which applicable. Minor payments may be charged directly to final account.

115 Material and supplies.

(a) This account shall include the cost, less cash and other discounts, of all unissued and unapplied material and supplies, articles in process of manufacture by the carrier, fuel, tools, stationery, commissary and other supplies. This account shall include the cost of fuel on board vessels when such supplies are carried in the material and supplies accounts of the stores department. This account also shall include the cost of spare parts, except major standby units of the nature described in Instruction 11 (h) (3), which are to be included in appropriate property accounts.

(b) The costs chargeable to this account are the actual cash costs of the material and supplies at point of free delivery plus customs duties, excise and other taxes, insurance, inspection, special tests, loading and unloading and transportation charges paid for transporting the material from the free delivery point to the carrier's line.

(c) Amounts paid for containers, which are refundable if containers are returned, shall be charged to this account until refund is collected.

(d) Material recovered in connection with maintenance work or the demolishing of fixed improvements or equipment shall be charged to this account on the basis of its value as recovered. When scrap material is sold at a higher or lower price than that at which it is included in this account, the difference shall be adjusted, so far as practicable, through the accounts which were credited when the material was recovered and taken into this account.

NOTE A: Interest paid on material bills, the payment of which is delayed, shall be

charged to account 529, "Interest on unfunded debt."

NOTE B: An annual inventory of material and supplies shall be taken and the necessary adjustments shall be made to bring this account into harmony with the actual inventory balances. In effecting this adjustment determined differences in accounting for important classes of material shall be equitably assigned among the accounts to which such classes of material are ordinarily chargeable. Other differences shall be equitably apportioned among the primary accounts.

NOTE C: No charges shall be made to this account for the cost of transporting material and supplies over the carrier's line.

116 Other current assets.

This account shall include the amount of assets of a current nature not includible in any of the foregoing current asset accounts.

SPECIAL FUNDS

122 Insurance funds.

(a) This account shall include cash cost of securities of other companies or governmental bodies, par value of reacquired stocks, bonds, or other evidences of indebtedness, issued or assumed by the carrier, and cost of other assets placed on deposit or in the hands of trustees to guarantee the satisfaction of obligations for losses, in instances where the carrier is a self-insurer in whole or in part.

(b) It shall also include accretions representing interest, dividends, or other returns accrued on insurance fund investments when retainable in such fund.

(c) Subsidiary accounts shall be maintained by depositories or trustees.

NOTE: Reacquired stocks, bonds, and other evidences of indebtedness issued or assumed by the carrier and held alive and not retired shall be considered to be nominally outstanding.

123 Sinking funds.

(a) This account shall include cash, cost of securities of other companies, par value of reacquired stocks, bonds, or other evidences of indebtedness, issued or assumed by the carrier, and cost of other assets placed on deposit or in the hands of trustees as a sinking fund to meet obligations maturing in the future, or to carry out such operations as the retirement of preferred stock or the purchase of serial bonds.

(b) It shall also include accretions representing interest, dividends, or other returns accrued on sinking fund investments when retainable in such fund.

(c) Subsidiary accounts shall be maintained by depositories or trustees, and under titles which shall designate the obligation in respect of which the fund is created.

NOTE: Reacquired stocks, bonds, and other evidences of indebtedness issued or assumed by the carrier and held alive and not retired shall be considered to be nominally outstanding.

124 Other special funds.

(a) This account shall include cash, cost of securities of other companies, par value of reacquired stocks, bonds, or other evidences of indebtedness, issued or assumed by the carrier, and cost of other assets, which are in the hands of trustees or managers of employees' pen-

sion, savings, relief, hospital, and other funds or any special funds for which no specific account is provided.

(b) It shall also include accretions representing interest, dividends, or other returns accrued on investments held in such funds when retainable therein.

(c) Subsidiary accounts shall be maintained for each fund by depositories or trustees.

NOTE A: Reacquired stocks, bonds, and other evidences of indebtedness issued or assumed by the carrier and held alive and not retired shall be considered to be nominally outstanding.

NOTE B: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall be accounted for in accordance with the note to account 465, "Pensions and relief."

125 Special deposits.

This account shall include cash and cost of securities deposited to guarantee the performance of contracts and other agreements, or with utility corporations; also deposits in lieu of mortgaged property sold and other trust deposits, which are held until equivalent property is acquired or pending other disposition.

INVESTMENT SECURITIES

130 Investments in affiliated companies.

This account shall include the cost of the carrier's investment in securities issued or assumed by affiliated companies (other than securities held in special deposits or in special funds) including investment advances to affiliated companies.

NOTE A: Accounts with affiliated companies which are subject to current settlement shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B: No amounts representing interest or dividends on securities or investment advances shall be included in this account.

NOTE C: The value of securities borrowed by the carrier shall not be included in this account.

131 Other investments.

This account shall include the cost of carrier's investment in securities issued or assumed by nonaffiliated companies (other than securities purchased as temporary investments or held in special deposits or in special funds), including investment advances to nonaffiliated companies or individuals, and miscellaneous investments not provided for elsewhere.

NOTE A: Accounts with nonaffiliated companies which are subject to current settlement shall be classed as current assets or liabilities, as may be appropriate.

NOTE B: The value of securities borrowed by the carrier shall not be included in this account.

132 Reserve for revaluation of investments.

This account shall be credited with such reserves as are maintained to reflect the decline or loss in book value of securities or like assets held for investment where there appears to be a permanent impairment in value as recorded in accounts 130, "Investments in affiliated companies," or 131, "Other investments." If reserves are maintained for

specific securities, when such securities are disposed of, the amount included in this account with respect thereto shall be charged hereto. If a general reserve is maintained for all securities when securities are disposed of, the amount of the loss to the extent of the credit balance herein, shall be charged hereto.

133 Cash value of life insurance.

This account shall include the cash surrender value of life insurance policies, under which the carrier is the beneficiary, less the amount of any loans which have been obtained on such policies and not repaid.

PROPERTY AND EQUIPMENT

140 Transportation property.

This account shall include the cost to the carrier of construction or acquisition, including additions and improvements, of all physical property used by the carriers or others in transportation operations, as detailed in the primary property accounts number 141 to 149, both inclusive.

141 Line equipment.

This account shall include the cost of marine or floating equipment, purchased or built by the carrier, for use in transportation service between terminals, including all appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation to port at which it enters service.

LINE EQUIPMENT

Barges for line service.
Canal boats.
Ferry boats.
Lighters for line service.
Motor ships.
Motor launches.
Power boats.
Power ships.
Sailing vessels.
Steamboats.
Steamships.
Tug boats for line service.

APPURTENANCES, FURNITURE, AND FIXTURES

Aerial attachments.
Anchors.
Ash discharging apparatus.
Awnings and fixtures.
Berths.
Boats, life.
Boilers.
Boiler foundations.
Boiler tubes.
Brick, fire.
Cables.
Covering, floor.
Crockery, china and glassware.
Deck fittings and plates.
Dynamos.
Electric equipment and fixtures.
Engines.
Engine foundations.
Fixtures, electric.
Floor covering.
Flooring.
Furniture.
Galley equipment.
Generators.
Glass, window.
Heating equipment.
Hoisting apparatus.
Hose.
Hull plates.
Kitchen equipment.
Launches.
Life preservers.
Life rafts.

Life boats.
Lighting equipment.
Linens.
Machines.
Machine foundations.
Masts.
Musical instruments.
Pantry equipment.
Plumbing.
Propellers.
Pumps.
Refrigerator equipment.
Rigging.
Rotors.
Rudders.
Shafting.
Smokestacks.
Steam distribution system.
Steering equipment.
Tail shaft.
Tanks.
Telephone apparatus.
Tracks on floats.
Winches.
Windlasses.
Wireless apparatus.

142 Harbor equipment.

This account shall include the cost of marine or floating equipment purchased or built by the carrier, for use in harbor-transportation service, including all appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation to port at which it enters service.

HARBOR EQUIPMENT

Barges for harbor service.
Car and other floats for harbor service.
Ferry boats.
Lighters for harbor service.
Motor launches.
Transfer boats.
Tug boats.

143 Miscellaneous floating equipment.

This account shall include the cost of marine or floating equipment purchased or built by the carrier for use in miscellaneous transportation service, including the cost of all appurtenances, furniture, and fixtures to equip it for service, and cost of inspection and transportation to the port at which it enters service.

MISCELLANEOUS FLOATING EQUIPMENT

Derricks.
Dredges.
Floats.
Pile drivers.
Row boats.

144 Buildings and other structures.

This account shall include the cost of fixed improvements purchased or built by the carrier for use in transportation service, such as buildings, wharves, docks, and other structures, including fixtures, machinery, appurtenances, and the cost of securing title and possession.

BUILDINGS, STRUCTURES, ETC.

Alarm systems.
Baggage rooms.
Bins for material.
Blacksmith shops.
Breakwaters for protection of structures.
Boilers.
Boiler rooms.
Boiler shops.
Buildings.
Bulkheads.
Carpenter shops.
Cisterns.
Coaling trestles.
Counters.
Cofferdams.

Docks.
 Drainage systems.
 Dredging.
 Driveways.
 Eating rooms.
 Electric-light plants.
 Electric wiring.
 Elevators and machinery.
 Fences.
 Fire-alarm systems.
 Fire-equipment houses.
 Fire-extinguisher systems.
 Foundations.
 Foundries.
 Freight houses.
 Fuel stations.
 Fuel storage tanks.
 Garages.
 General office buildings.
 Generators.
 Grain elevators.
 Grain warehouses.
 Greenhouses.
 Heating plants.
 Hedges.
 Hose houses.
 Hydrants.
 Ice houses.
 Lighting plants.
 Lumber sheds.
 Machine shops.
 Motors.
 Office buildings.
 Paint shops.
 Pavement within grounds.
 Piers.
 Piling.
 Plumbing.
 Pipe lines, interior.
 Power plants.
 Pumping stations.
 Railings.
 Refrigeration equipment.
 Roofs.
 Sewer systems.
 Shelving.
 Shops.
 Sidewalks.
 Slips.
 Sprinkler systems.
 Stables.
 Steam and hot water distribution systems.
 Storehouses.
 Tracks.
 Vaults.
 Waiting rooms.
 Washrooms.
 Water-supply systems.
 Watchhouses.
 Wharves.

NOTE: The cost of movable equipment shall be included in account 145, "Office and other terminal equipment."

145 Office and other terminal equipment.

This account shall include the cost of all movable equipment and furniture of buildings and other fixed improvements devoted to transportation service.

SHOP EQUIPMENT

Acetylene-cutting and welding machines.
 Anvils.
 Assorted dies and blocks.
 Beltings.
 Bench vises.
 Bolt cutters.
 Boring bars.
 Boring brasses.
 Burning torches.
 Cast iron face plates.
 Chain blocks.
 Charging boards (equipment for charging electric trucks).
 Compressed-air apparatus.
 Crosscut circular saws.
 Die-stock ratchets.
 Drill presses.
 Drills.
 Electric drills.

Emery grinders.
 Forges.
 Furnaces.
 Hydraulic jacks.
 Iron horses.
 Lathes.
 Magnetos.
 Motors.
 Mould filling brasses.
 Paint burners.
 Paint-spraying machines.
 Pipe cutters.
 Portable boring bars.
 Portable electric grinders.
 Power machines.
 Power saws.
 Propeller fans.
 Punch and shears.
 Reamers.
 Riveters' hammers.
 Saws.
 Scales.
 Scaling hammers.
 Sewing machines.
 Shapers.
 Sledges.
 Stamping tools.
 Stationary engines.
 Steam hammers.
 Steam-test pumps.
 Stencil machines.
 Stillson wrenches.
 Swedges.
 Taper shanks.
 Tools.
 Torches.
 Tube expanders.
 Twist drills.
 Twist-drill and tool grinder.
 Ventilating set.
 Wrenches.

OFFICE EQUIPMENT

Adding machines.
 Addressing machines.
 Billing machines.
 Bins.
 Blackboards.
 Blueprinting machines.
 Bookkeeping machines.
 Bookcases.
 Brief cases.
 Cabinets.
 Cages.
 Calculating machines.
 Call bells.
 Cameras.
 Carpets.
 Chairs.
 Check protectors.
 Clocks.
 Comptometer machines.
 Coolers.
 Costumers.
 Counters.
 Cuspidors.
 Desks.
 Dictaphones.
 Dishes.
 Display racks.
 Drafting and engineering instruments.
 Duplicating machines.
 Electric cooking utensils.
 Electric fans.
 Filing cabinets.
 Fire extinguishers.
 Floor covering.
 Floor scrubbing machines.
 Freight handling equipment.
 Guns.
 Jardinieres.
 Lamps.
 Lockers.
 Mailing machines.
 Mimeograph machines.
 Mirrors.
 Motion picture projectors.
 Numbering machines.
 Photostatic equipment.
 Pictures.
 Polishing machines.
 Printing press and printing equipment.

Racks.
 Refrigerators.
 Revolvers.
 Rugs.
 Safes.
 Scales, mail or postal.
 Settees.
 Shelving, fixed or movable.
 Smokeadors.
 Stands.
 Stools.
 Stoves.
 Tables.
 Tableware.
 Typewriters.
 Vacuum cleaners.
 Vending machines installed in station and office buildings.

WHARF EQUIPMENT

Canvas covers.
 Canvas slings.
 Cargo blocks.
 Cargo chutes.
 Cargo hooks.
 Cargo rollers.
 Chain slings.
 Coal buckets.
 Conveyors.
 Cranes.
 Crowbars.
 Derricks, movable.
 Drum holsters.
 Escalators.
 Fire barrels.
 Fire buckets.
 Fire extinguishers.
 Fire hose.
 Freight-handling equipment.
 Gangways.
 Gas tanks.
 Hand trucks.
 Lift jacks.
 Motor trucks, power driven.
 Paper slings.
 Platform scales.
 Platform trays.
 Pontoons.
 Racks.
 Rope.
 Rope slings.
 Scales.
 Skids.
 Stages.
 Stalls for transportation of animals.
 Tackles.
 Tarpaulins.
 Tents.
 Tools, miscellaneous.
 Tractors.
 Trailers.
 Truck trays.
 Wharf fenders.
 Wire falls.
 Wire rope slings.

GARAGE EQUIPMENT

Air compressors and tanks.
 Anvils.
 Arbor presses.
 Battery-charging outfits.
 Belts, shafts, and countershafts.
 Boring and reaming machines.
 Car washing machines.
 Cranes and holsts (portable).
 Creepers.
 Drill presses.
 Electric equipment.
 Engines and boilers.
 Forges.
 Gasoline and oil pumps and portable tanks.
 Greasing racks and pumps.
 Grinders.
 Jacks.
 Lathes.
 Lockers.
 Machine tools.
 Motor-driven hand tools.
 Oil reclaiming machines.
 Paint sprayers.
 Pneumatic tools.
 Storage bins and shelving (portable).

Storeroom equipment (except office equipment).
Stoves.
Testing equipment.
Tire-changing equipment.
Tool racks.
Vises.
Vulcanizing equipment.
Weighing devices.
Welding apparatus.
Wheel pullers.
Work benches.

NOTE: Fixtures and appurtenances which form an integral part of a building or other structure shall be included in the cost of the structure.

146 Motor and other highway equipment.

This account shall include the cost of motor and other highway vehicles, and the cost of transportation to the carrier's line.

HIGHWAY EQUIPMENT

Automobiles.
Buses.
Lift vans.
Tractors, trailers, and semitrailers.
Trucks.

NOTE: Records shall be maintained in such manner as to show separately the cost of highway vehicles used in—

1. Transportation service subject to part II, and
2. Transportation service subject to part I and part III of the Interstate Commerce Act.

147 Land.

(a) This account shall include the cost of land used or held for use in transportation service, including:

- (1) Cost of rights to occupy land permanently not purchased outright for transportation purposes.
- (2) Cost of grounds for buildings and other fixed improvements and of the land for ingress to or egress from such grounds.
- (3) Cost of "ground rents."
- (4) Cost of riparian or littoral rights.
- (5) Cost of removing and locating elsewhere the property of others (including cost of land for relocation of property when such cost is assumed by the carrier).
- (b) Proceeds from the sale of timber or improvements purchased with the land, or minerals known to be in the land when purchased, less any cost of removal, shall be credited to this account.

DETAILS

1. Abstracts and guarantees of title.
2. Appraisals.
3. Commissions paid.
4. Compensation and expenses of land agents solely engaged in acquiring land.
5. Condemnation expenses, including court costs, and special counsel fees; also fees of parties appointed by the court to assess damages.
6. Costs, including agreed settlements, judgments, witness fees, and decreed court costs in proceedings to clear or defend titles against defects antedating the carrier's acquisition of property.
7. Cost of filling submerged or low land to establish a general level and grading land to render it usable for construction of fixed improvements.
8. Cost of making changes in or relocating property of others, when borne by carrier in order to secure permanent rights to locations, the cost of which is includible in this

account; also the cost of securing sites for such relocations.

9. Ditches for waterways when part of consideration.

10. Easements, granting right of permanent occupancy of property for transportation service.

11. Lump-sum payments for right to use in perpetuity or for a period of years public property for transportation service. Such amounts paid for the right to use for a period of years only shall be amortized through account 486, "Water-line tax accruals," during the period of use.

12. Notarial fees.

13. Payments to vendors to secure release from restrictive provisions of original deeds.

14. Plats.

15. Premiums on condemnation bonds.

16. Recording deeds and easements.

17. Removal and relocation of buildings and other structures not purchased.

18. Surveys in connection with the purchase of the land.

19. Taxes and assessments for public improvements assumed at time of purchase.

NOTE A: When the acquisition of land for transportation service involves also the purchase of land not to be used for such purpose, the charges to this account shall be based upon the cost of the land purchased, less the estimated fair value of that portion which will not be so used.

NOTE B: The cost of land acquired for purposes other than transportation shall be included in account 160, "Noncarrier physical property." The cost of land acquired for which there is a definite plan for use in transportation service shall be included in account 149, "Construction work in progress," until the completion of the facilities constructed thereon.

NOTE C: Periodical payments for use of land for transportation purposes held under "ground rents" shall be charged to account 483, "Other operating rents."

NOTE D: When land with buildings thereon is acquired, each shall be separately appraised and the cost apportioned between the land and the buildings on the basis of such appraisals. If the removal of the buildings is contemplated, the cost of the land and buildings shall be accounted for as the cost of land and the salvage value of the buildings less the cost of removal if disposed of shall be deducted from the cost of the land.

NOTE E: Held for use referred to in paragraph (A) implies the ability of the carrier to substantiate by plans or policy its characterization of the probable future use which is to be made of the land within a reasonable period of time.

148 Public improvements.

This account shall include amounts assessed on carrier property by governmental authority to cover the cost of constructing public improvements, when such assessments are made against property within defined areas of taxing districts. It shall include also the cost borne by the carrier of public improvements constructed by it under governmental requirements.

DETAILS

1. Curbing streets and highways.
2. Drainage systems.
3. Flood protection.
4. Grade eliminations.
5. Grading streets and highways.
6. Guttering streets and highways.
7. Irrigation systems.
8. Levees.
9. Paving streets and highways.
10. Sewer systems.
11. Sidewalks.
12. Street-lighting systems.

13. Viaducts carrying streets and highways over terminal property.

14. Water works.

NOTE A: The cost to the carrier of assessments on carrier property for maintaining or renewing public improvements shall be included in operating expenses.

NOTE B: Any portion of the cost of public improvements which is included in the general tax levy for a regular taxing district shall be included in the account appropriate for taxes.

NOTE C: When an assessment for the construction of public improvements is to be paid in installments over a period of more than one year, the full amount thereof shall be charged to this account when the assessment is levied and the amount of the deferred payments shall be appropriately credited to account 211, "Funded debt unmatured." The installments of the assessments shall be charged to that account as they become due and payable. Interest on the assessments shall be included in account 528, "Interest on funded debt."

NOTE D: Penalties imposed for failure to pay assessments within the allotted time shall be charged to account 529, "Interest on unfunded debt."

NOTE E: Assessments on noncarrier property for the cost of constructing public improvements shall be charged to account 160, "Noncarrier physical property."

149 Construction work in progress.

(a) This account shall include the cost of transportation property in process of construction and not completed at the date of the balance sheet. When any property, the cost of which has been included in this account, is completed, the cost thereof shall be credited to this account and charged to appropriate primary accounts of this classification provided for such property.

(b) The cost of land acquired for which there is a definite plan for use in transportation service shall be included in this account until the completion of the carrier facilities constructed thereon.

NOTE: It is not required that this account shall include the cost of construction work which is placed in service as the work progresses.

150 Depreciation reserve; transportation property.

(a) This account shall be credited with amounts charged to operating expenses to cover the estimated loss in service value of depreciable property. It shall be credited also with any amounts which the carrier may be authorized by the Commission to include in retained income. This account shall be subdivided so as to show separately:

- (1) Depreciation reserve—transportation property.
- (2) Past provision for amortization of defense projects.

(b) At the time of retirement of depreciable property the amount of depreciation accrued and included herein with respect to the particular unit or item retired shall be charged hereto.

151 Acquisition adjustment.

(a) This account shall include the difference between (1) the cost to the accounting company of water-line property acquired as an operating unit or system by purchase, merger, consolidation, or otherwise than in reorganization, and (2) the amount distributed to the primary property accounts, less amounts

which may be credited to the depreciation and amortization reserves with respect to such property in accordance with instruction 45.

(b) This account shall also include the difference between the assets acquired and the par or recorded value of the accounting company's capital stock, plus its debts and other liabilities in respect of water-line property acquired in reorganization under the circumstances set forth in instruction 30.

(c) This account shall also include the cost of operating rights and other intangible assets. (See account 223, "Amortization reserves—Intangible assets.")

(d) This account shall be credited with donations or contributions in cash or property from governmental agencies, individuals, and others for construction purposes concurrent charges being made to the appropriate property or other asset accounts. (See instruction 49.)

158 Improvements on leased property.

(a) This account shall include the cost to the carrier of additions and improvements made to physical property leased from others and used in transportation operations.

(b) The carrier's records shall be so kept as to show the charges and credits to this account classified in accordance with the accounts for property owned.

159 Amortization reserve; leased property.

This account shall be credited with amounts charged to operating expenses to create a reserve to cover, at date of reversion of the leased property to the lessor, the cost of improvements thereon.

160 Noncarrier physical property.

This account shall include the cost to the carrier of land, structures, and equipment not used in transportation operations, including hotels, restaurants, power plants, equipment, and other property that is entirely distinct from the transportation property of the carrier and not operated in connection with or incident to its transportation operations.

161 Depreciation reserve; noncarrier physical property.

(a) This account shall be credited with amounts charged to account 523, "Expenses of noncarrier operations," to cover the depreciation of property included in account 160, "Noncarrier physical property."

(b) When depreciable noncarrier physical property is destroyed, sold, or otherwise retired from service, the amount included herein with respect to the property retired shall be charged hereto. In case the net proceeds realized, including insurance and salvage, are in excess of the net book value (book cost less recorded depreciation), such excess shall be credited to account 282, "Profits from unusual sales of property," or account 508, "Profits from sale or disposition of property," as appropriate.

DEFERRED ASSETS

166 Claims pending.

This account shall include claims in litigation and insurance claims in pro-

cess of compilation or adjustment. After adjustment of claims, this account shall be cleared and the amounts receivable included in account 108, "Claims receivable." Deductible average insurance losses (if policies provide deductibles) shall be transferred at the same time to account 221, "Insurance reserves," provided the carrier accrues a reserve for such deductibles, otherwise the charge shall be made to the appropriate expense accounts.

170 Other deferred assets.

This account shall include noncurrent notes and accounts receivable, the settlement of which has been deferred beyond one year, or which by agreement are to run for more than one year from date of issue.

It shall also include the estimated value of salvage recoverable from property retired, when recovery is deferred for any reason; items of current character but doubtful value; funds on deposit with closed banks; advances to traffic associations and bureaus as working funds; and other deferred items not provided for elsewhere.

DEFERRED DEBITS

171 Incompleted voyage expenses.

(a) This account shall include all voyage expenses of incompleted voyages or other periods accrued and held in suspense until the voyage or period is completed, and the appropriate expense accounts are charged directly with such expenses. After each voyage or period has terminated, the expenses pertaining thereto shall be transferred to the appropriate operating-expense accounts. All voyage expenses may be recorded in the appropriate operating-expense primary accounts, and at the end of each month the balance relating to incompleted voyages may be transferred to this account with a reversal of the entries in the following month.

(b) This account shall also include the cost of food; deck, engine and steward department stores; buffet supplies; and fuel and other supplies on board vessels at the beginning of the voyage or period, when inventories are taken at the end of the voyage or period and charged to the succeeding voyage or period and credited to the completed voyage or period.

(c) When inventories are not taken at the end of each voyage or period, the value of vessel stores and supplies issued during the voyage or period shall be charged to the expenses of the voyage or period, and no adjustment is required until an inventory is taken.

174 Debt discount and expense.

(a) This account shall include the net total if a debit balance of all discount, expense, and premium accounts for long-term debt.

(b) When an issue of debt securities, or any part thereof, is refunded and at the date of refunding there is a balance of unamortized discount and expense relating thereto, such amount, together with any premium paid in retiring the debt, shall be charged to retained income.

175 Other deferred debits.

(a) This account shall include the amount of debit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received, such as:

Amounts paid for options pending final disposition;

Cost of preliminary surveys, investigations, or appraisals in connection with contemplated acquisition or sale of property or securities;

Debit balances in clearing accounts;

Commissions on tickets not honored;

Similar items, the proper and final disposition of which is uncertain.

(b) When the proper disposition of any item included in this account is determined, the amount thereof shall be credited to this account and concurrently charged to the appropriate account.

ORGANIZATION

180 Organization expenses.

(a) This account shall include expenditures incident to incorporation or other form of organization of the company.

(b) Include in this account:

Fees paid for the privilege of incorporation. Legal and office expenses incident to organizing the company.

Cost of stock and minute books and corporate seal.

Cost of preparing and filing amendments to the certificate of incorporation.

Special counsel and other fees and expenses in mergers, consolidations, and reorganizations.

(c) Charges to income under a program to amortize organization expenses shall be credited to account 223, "Amortization reserves—Intangible assets."

NOTE A: This account shall not include discount upon securities issued or assumed; costs incident to negotiating loans, selling bonds or other evidence of debt; or discount, commissions and expense incident to the authorization, issuance and sale of capital stock.

NOTE B: When charges are made to this account for expenses in mergers, consolidations, or reorganizations, amounts previously included in this account on the books of the various companies shall not be carried over.

COMPANY SECURITIES

190 Reacquired and nominally issued long-term debt.

(a) This account shall include the par value of long-term debt of the carrier nominally issued or reacquired and held uncanceled by it, except debt held in sinking or other special funds.

(b) The difference between the par value of long-term debt and the amount paid therefor including commissions and expenses in connection with its reacquisition and the portion of unamortized premium, discount, and expense relating to the long-term debt reacquired shall be included in retained income.

(c) When reacquired long-term debt is resold, this account shall be cleared and the accounting for its sale shall be that provided for its original sale.

NOTE A: The provisions of this account shall apply to funded debt reacquired for sinking and other special funds.

NOTE B: Reacquired bonds and other evidences of indebtedness issued or assumed by

the carrier and not retired shall be considered to be nominally outstanding.

191 Reacquired and nominally issued capital stock.

This account shall include the par value of capital stock of the carrier nominally issued or reacquired and uncanceled, except when held in sinking or other special funds. If no par stock, it shall be charged at the pro rata proportion at which it is credited to account 240, "Capital stock." Stock having no par value classable as nominally issued shall be recorded by the number of shares.

NOTE: The accounting for the reacquisition and resale of capital stock actually issued or assumed by the company shall be in accordance with instruction 26 (d) and (e).

LIABILITY SIDE

CURRENT LIABILITIES

200 Notes payable.

This account shall include the face value of notes, drafts, and other evidences of indebtedness issued or assumed by the carrier (except interest coupons) which are payable on demand or not more than one year from date of issue.

NOTE: Notes payable to affiliated companies subject to current settlement shall be included in account 201, "Affiliated companies—Notes and accounts payable."

201 Affiliated companies; notes and accounts payable.

This account shall include the total of amounts payable to affiliated companies which are subject to current settlement, such as credit balances in open accounts for services rendered, material furnished, traffic or interline accounts, claims, rent for use of property, and similar items; interest and dividends due to affiliated companies; and loans, notes, and drafts which are payable to affiliated companies.

NOTE A: No amount representing dividends payable shall be included in this account unless they have been declared.

NOTE B: Items which are not subject to current settlement shall be included in account 213, "Affiliated companies—Advances payable."

202 Accounts payable.

(a) This account shall include amounts payable to others (except affiliated companies) for materials and supplies, and services received, including matured rents, amounts due to public authorities, amounts of payable judgments, current accounts with officers and employees, personal injury and property damage claims, and other similar items.

(b) This account shall also include amount of wages accrued at the date of the balance sheet; balances representing unclaimed wages; deductions from payrolls (except amounts payable to affiliated companies); outstanding drafts drawn by agents and others; amounts due sightseeing, hotel, or amusement companies for their services; and other items of the nature of demand liabilities.

203 Traffic and car-service balance—Cr.

This account shall include the net of the balances receivable from or payable to other companies representing traffic

or interline accounts, when such balance results in a net credit.

NOTE: When the net of the balance is a debit, it shall be included in account 104, "Traffic and car-service balances—Dr."

204 Accrued interest.

This account shall include the amount of unpaid interest accrued to the date of the balance sheet actually outstanding on loans, funded debt and other interest-bearing obligations except interest accrued on obligations payable to affiliated companies.

NOTE A: This account shall be so kept that the carrier can report separately the amount of matured interest unpaid.

NOTE B: Interest payable to affiliated companies shall be included in account 201, "Affiliated companies—Notes and accounts payable."

205 Dividends payable.

This account shall include the amount of dividends declared on actually outstanding capital stock and unpaid at the date of the balance sheet.

NOTE: Dividends payable to affiliated companies shall be included in account 201, "Affiliated companies—Notes and accounts payable."

206 Accrued taxes.

(a) This account shall be credited each period with the amount of taxes accrued during the period, with concurrent debits to the appropriate accounts for tax charges. As credits to this account will necessarily be based upon estimates, they shall be adjusted from time to time during the year so that as nearly as possible the tax charge account may show the taxes applicable to the year. Payments of taxes for which accruals have been made shall be debited to this account. Prepayments of taxes shall be included in account 114, "Prepayments."

(b) The records supporting the entries to this account shall be kept to show separately the accrual of Federal income taxes, Federal old-age pension tax, unemployment compensation tax, and other taxes.

208 Accrued accounts payable.

This account shall include estimates of all unaudited items payable by the carrier to the date of the balance sheet which are chargeable to revenue, expense, or income and are in the nature of current liabilities. (See instruction 3.)

209 Other current liabilities.

This account shall include all liabilities of a current character not provided for in the foregoing accounts.

LONG-TERM DEBT DUE WITHIN ONE YEAR

210 Equipment obligations and other debt due within one year.

This account shall include the total amount of all funded obligations (except amounts due affiliated companies which shall be included in Account 213, "Affiliated companies—Advances payable") which are past due or which will mature within one year from the close of the accounting period and for which arrangements have not been entered into for an extension of time as to payment.

This includes the portion of long-term debt maturing serially or payable in installments within one year.

LONG-TERM DEBT DUE AFTER ONE YEAR

211 Funded debt unmatured.

(a) This account shall include the total face value of funded debt, including bonds, notes, certificates and other evidences of indebtedness issued or assumed by the carrier and maturing more than one year from date of issue, which have not been reacquired and canceled.

(b) The amounts included in this account shall be further divided so as to show the amount of each class of funded debt, as follows:

(1) *Equipment obligations.* Equipment bonds or equipment notes, secured only by lien on specific equipment.

(2) *Mortgage bonds.* Bonds secured by lien on physical property and not includible in the other subdivisions of this account.

(3) *Collateral trust bonds.* Bonds and notes secured by lien on securities or other negotiable paper, and stock trust certificates that are similar in character to collateral trust bonds.

(4) *Income bonds.* Bonds which are a lien on a carrier's income alone, or bonds which, while being a lien on its property and franchises can claim payment of interest only in case interest is earned.

(5) *Miscellaneous obligations maturing more than one year after date of issue.* All funded obligations not provided for by the other subdivisions of this account, unpaid installment of assessments for public improvements, also notes, unsecured certificates of indebtedness, real-estate mortgages executed or assumed, and other similar obligations.

(6) *Receipts outstanding for funded debt.* When certificates are issued for amounts paid on account of funded debt, the face value shall be included in the account covering the class of funded debt for which the certificates are issued.

(c) A record shall be maintained for each class and series of funded debt showing:

Amounts authorized.

Amounts issued.

Amounts reacquired and canceled.

Amounts outstanding.

Date of issue.

Date of maturity.

Interest dates.

Rate of interest.

NOTE A: Advances from affiliated companies (except such as may be properly includible in account 201, "Affiliated companies—Notes and accounts payable") shall be included in account 213, "Affiliated companies—Advances payable."

NOTE B: Reacquired bonds and other evidences of indebtedness issued or assumed by the carrier and not retired shall be considered to be nominally outstanding.

212 Receivers' and trustees' securities.

When receivers or trustees acting under the orders of a court are in possession of the property of the carrier and under the order of the court issue evidences of indebtedness, or assume the payment of such indebtedness, the par value of such obligations shall be credited to this account.

NOTE: Reacquired securities issued or assumed by receivers or trustees and not retired shall be considered to be nominally outstanding.

213 Affiliated companies; advances payable.

(a) This account shall include the amount of advances from affiliated companies, whether evidenced by notes or open accounts which are not subject to current settlement, including interest accrued thereon, when such interest is not subject to current settlement.

(b) This account shall be subdivided as follows:

Notes payable,
Open accounts not subject to current settlement,
Interest accrued on amounts included in this account not subject to current settlement.

NOTE: Amounts of advances which are subject to current settlement shall be included in account 201, "Affiliated companies—Notes and accounts payable."

RESERVES

220 Maintenance reserves.

(a) This account shall include balances representing reserves created for the purpose of equalizing the cost of repairs to vessels in line service or other floating equipment, also the cost of repairs to buildings and structures and dredging to deepen channels. When the repairs are made, their cost, to the extent of the provision herein, shall be charged to this account. The accruals credited to these reserves shall be based on the carrier's experience and class surveys of anticipated expenditures for major repairs.

(b) This account shall be kept to show the accruals for each vessel or other item of property for which provision is made.

221 Insurance reserves.

(a) Agreed amounts for marine hull and protection and indemnity insurance deductibles (if provided in the policies) or the carrier's proportion of self-carried insurance shall be charged for each voyage or period to the appropriate expense account and the corresponding credit included in this account. When the amount of deductible losses chargeable against each voyage or period is determined, it shall be cleared from account 166, "Claims pending," by a charge to this account.

(b) This account shall also be used for equalization of other insurance risks, such as self-carried workmen's compensation, public liability insurance, and loss and damage claims.

NOTE A: The records supporting the entries in this account shall be kept to show separately the transactions with respect to hull, cargo, and liability self-carried insurance or deductible costs, and each class of other insurance risks for which reserves have been created.

NOTE B: This account shall not include appropriations of retained income (surplus) which should be reflected in account 260, "Retained income—Appropriated."

222 Pension and welfare reserves.

This account shall include the book balances representing the liability of the

carrier for the amount of the assets (whether contributed by the carrier, by the employees, or by others) in the hands of its treasurer, or of trustees or managers acting for it in the administration of employees' pension, savings, relief, hospital, and other association funds.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall be accounted for in accordance with the note to account 465, "Pensions and relief."

223 Amortization reserves; intangible assets.

(a) This account shall be credited with amounts charged to account 527, "Miscellaneous income charges," which will equitably distribute the cost of intangible assets over a definite period. When an intangible asset is sold or relinquished, or otherwise expires or is abandoned, the reserve shall be charged with the balance therein with respect to such asset and the remainder of the cost of the asset shall be charged to account 527.

(b) This account shall be maintained so that a separate reserve is stated for each item of intangible property.

229 Other reserves.

This account shall include the net credit balances representing reserves created by accruals to the appropriate accounts in operating expenses to meet the probable liabilities not covered by other reserves. When the liability is determined, this account shall be cleared and amount payable credited to the appropriate liability account.

NOTE A: The records supporting entries in this account shall be kept to show separately the transactions with respect to each separate reserve.

DEFERRED CREDITS

230 Incompleted voyage revenues.

This account shall include all voyage revenues of incompleted voyages or periods accrued and held in suspense until the voyage or period is completed, if the appropriate revenue accounts are not credited directly with such revenue. After each voyage or period has terminated, the revenues pertaining thereto shall be transferred to the appropriate operating-revenue accounts. The carrier may, if it so elects, credit the appropriate primary revenue account with the revenue as recorded, and at the end of each month transfer the revenue so recorded from such primary accounts to this account by voyage totals and reverse the entries in the succeeding month.

231 Premium on long-term debt.

(a) This account shall include the net total if a credit balance of all discount, expense, and premium accounts for long-term debt.

(b) When an issue of debt securities, or any part thereof, is refunded and at the date of refunding there is a balance of unamortized premium relating thereto, such amount shall be credited to retained income.

232 Other deferred credits.

(a) This account shall include the amount of all deferred credits not provided for elsewhere, such as:

Deposits by employees to assure the return of company property.

Credit balances in clearing accounts.

(b) This account shall include also the amount of credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received, such as:

Proceeds from passenger ticket sales representing tickets sold for future sailings or return portions of round-trip tickets.

Deposits on passenger, hotel, or shore excursion reservations, etc.

Proceeds from sales of damaged, unclaimed and over freight held awaiting claim.

(c) When the proper disposition of any item included in this account is determined, the amount thereof shall be debited to this account and concurrently credited to the appropriate account.

CAPITAL AND SURPLUS

240 Capital stock.

(a) This account shall include the total par value, or for stock without par value the money value of the consideration received, in respect to capital stock or other form of proprietary interest in the carrier which has been issued to bona fide purchasers and has not been reacquired and canceled, including the par value of capital stock nominally issued. It shall also include stock dividends representing appropriations of retained income. When capital stock is retired, this account shall be charged with the amount at which such stock is recorded herein.

(b) The credits hereto shall be divided as follows:

(1) Preferred stock (stocks having a preference or priority in respect to dividend participation).

(2) Common stock (stocks entitled to a dividend, if any, after preference stocks).

(c) A separate record shall be kept for each subclass showing the number of shares authorized by the articles of incorporation and amendments, the number of shares issued, the number of shares reacquired, the number of shares canceled, the number of shares outstanding, and their book value.

(d) The book value for nonpar stock reacquired shall be determined by a pro-rata of the amount recorded for shares of the particular subclass of stock of which the shares reacquired are a part actually outstanding immediately prior to the acquisition.

(e) In case capital stock is reacquired and held in the treasury or in sinking or other special funds, such stock shall be included in the appropriate accounts, in accordance with paragraphs (d) and (e) of instruction 26.

241 Capital stock subscribed.

This account shall include the amount of subscriptions to capital stock of the carrier. It shall be credited with the par value, or with the subscription price in case of stock without par value, exclusive

of accrued dividends, if any. Concurrently, a debit shall be made to account 110, "Subscribers to capital stock," for the agreed price and any discount or premium shall be included in the appropriate account. When properly executed stock certificates have been issued, this account shall be debited and account 240, "Capital stock," credited.

243 Discount and expense on capital stock.

(a) This account shall include all discount suffered and commissions and expense incurred in connection with the issuance and sale of capital stock. Records supporting the entries to this account shall be so kept as to show the discount, commissions, and expense on each class and series of capital stock.

(b) When capital stock is reacquired, the amount in this account with respect to the shares reacquired shall be credited hereto.

245 Proprietary capital.

This account shall include the permanent investment by one or more proprietors in the business of a water-line carrier when organized as an unincorporated firm, copartnership or otherwise than as an incorporated company subject to change only by additional investments or by withdrawals of amounts invested.

NOTE A: Amounts payable to the proprietors as fair and reasonable compensation for services performed shall be charged to the appropriate operating expense or other accounts.

NOTE B: Income and surplus accounts shall be maintained and entries thereto shall be made in accordance with the provisions thereof.

NOTE C: Separate subaccounts shall be kept to show the equity of each member of a copartnership, and the transactions affecting the interest of each partner.

250 Capital surplus.

(a) This account shall include surplus arising from sources other than those provided under retained income.

(b) Subaccounts shall be maintained as follows:

250-1 Premiums and assessments on capital stock.

(a) This account shall include the excess of actual cash value of the consideration received over the par value and accrued dividends, of par value stock issued, together with assessments against stockholders representing payments in excess of the par or recorded values as included in account 240, "Capital stock".

(b) When capital stock is reacquired the amount in this account with respect to the shares reacquired shall be charged hereto.

250-2 Paid-in surplus.

This subaccount shall include such items as gains from retirement or resale of reacquired or donated shares of capital stock; from forfeiture of subscriptions; from debt of the carrier forgiven by stockholders; and from reduction of the par or recorded value of capital stock when approved by the commission.

This subaccount shall be charged with amounts included herein capitalized by stock dividends or otherwise; losses from

retirement or resale of reacquired shares up to an amount not in excess of credits herein applicable thereto; and may be charged with the amortization of discount and expense on capital stock to the extent of credits herein applicable thereto.

250-3 Other capital surplus.

This subaccount shall include capital surplus as defined herein arising from other sources.

260 Retained income—Appropriated.

(a) This account shall include the net balance of appropriations of retained income for replacement of capital assets, debt retirement, and other special or funded reserves. It shall also include income accretions to such funds when retained therein.

(b) A subdivision of this account shall be provided for each reserve, the title of which shall indicate the purpose of the reserve.

280 Retained income—Unappropriated.

(a) This account shall include the net balance, either debit or credit, of unappropriated retained income arising from earnings. It shall not include credits from reductions of the carrier's capital stock or transfers from capital surplus without the approval of the Commission.

(b) The balance of all retained income accounts (281 to 288, inclusive) shall be closed into this account at the end of each calendar year.

BALANCE SHEET STATEMENT

Form of balance sheet statement.

ASSET SIDE

I. CURRENT ASSETS

100—Cash	_____	\$	_____
101—Imprest funds	_____		_____
102—Special cash deposits	_____		_____
103—Marketable securities	_____		_____
104—Traffic and car-service balances—Dr	_____		_____
105—Notes receivable	_____	\$	_____
106—Affiliated companies—Notes and accounts receivable	_____		_____
107—Accounts receivable	_____		_____
108—Claims receivable	_____		_____
109—Reserve for doubtful accounts	_____		_____
110—Subscribers to capital stock	_____		_____
112—Accrued accounts receivable	_____		_____
113—Working advances	_____		_____
114—Prepayments	_____		_____
115—Material and supplies	_____		_____
116—Other current assets	_____		_____
Total current assets	_____		_____

II. SPECIAL FUNDS

	Total book assets at close of year	Respond- ent's own issues included	
122—Insurance funds	_____	_____	\$
123—Sinking funds	_____	_____	_____
124—Other special funds	_____	_____	_____
125—Special deposits	_____	_____	_____
Total special funds	_____	_____	_____

III. INVESTMENTS

130—Investments in affiliated companies	_____	\$	_____
131—Other investments	_____		_____
132—Reserve for revaluation of investments	_____	\$	_____
133—Cash value of life insurance	_____		_____
Total investments	_____		_____

IV. PROPERTY AND EQUIPMENT

140—Transportation property	_____	\$	_____
150—Depreciation reserve—Transportation property	_____	\$	_____
151—Acquisition adjustment	_____		_____
158—Improvements on leased property	_____		_____
159—Amortization reserve—Leased property	_____		_____
160—Noncarrier physical property	_____		_____
161—Depreciation reserve—Noncarrier physical property	_____		_____
Total property and equipment	_____		_____

V. DEFERRED ASSETS

166—Claims pending	_____	\$	_____
170—Other deferred assets	_____		_____
Total deferred assets	_____		_____

VI. DEFERRED DEBITS

171—Incompleted voyage expenses	_____	\$	_____
174—Debt discount and expense	_____		_____
175—Other deferred debits	_____		_____
Total deferred debits	_____		_____

ASSET SIDE—Continued

VII. ORGANIZATION

180—Organization expense.....\$=====

VIII. COMPANY SECURITIES

190—Reacquired and nominally issued long term debt.....\$-----

191—Reacquired and nominally issued capital stock.....\$-----

Total assets.....\$=====

LIABILITY SIDE

IX. CURRENT LIABILITIES

200—Notes payable.....\$-----

201—Affiliated companies—Notes and accounts payable.....\$-----

202—Accounts payable.....\$-----

203—Traffic and car-service balances—Cr.....\$-----

204—Accrued interest.....\$-----

205—Dividends payable.....\$-----

206—Accrued taxes.....\$-----

208—Accrued accounts payable.....\$-----

209—Other current liabilities.....\$-----

Total current liabilities.....\$=====

X. LONG-TERM DEBT DUE WITHIN ONE YEAR

210—Equipment obligations and other long-term debt due within one year.....\$=====

XI. LONG-TERM DEBT DUE AFTER ONE YEAR

	Total issued	Held by or for re- spondent	
211—Funded debt unmaturred.....	\$-----	\$-----	\$-----
212—Receivers' and trustees' securities.....	\$-----	\$-----	\$-----
213—Affiliated companies—Advances payable.....	\$-----	\$-----	\$-----
Total long-term debt.....	\$=====	\$=====	\$=====

XII. RESERVES

220—Maintenance reserves.....\$-----

221—Insurance reserves.....\$-----

222—Pension and welfare reserves.....\$-----

223—Amortization reserves—Intangible assets.....\$-----

229—Other reserves.....\$-----

Total reserves.....\$=====

XIII. DEFERRED CREDITS

230—Incompleted voyage revenue.....\$-----

231—Premium on long-term debt.....\$-----

232—Other deferred credits.....\$-----

Total deferred credits.....\$=====

XIV. CAPITAL AND SURPLUS

CAPITAL STOCK

	Total issued	Held by or for re- spondents	
240—Capital stock.....	\$-----	\$-----	\$-----
241—Capital stock subscribed.....	\$-----	\$-----	\$-----
243—Discount and expense on capital stock.....	\$-----	\$-----	\$-----
Total capital stock.....	\$=====	\$=====	\$=====
245—Proprietorial capital.....	\$-----	\$-----	\$-----

CAPITAL SURPLUS

250—Capital surplus:

1. Premiums and assessments on capital stock.....	\$-----
2. Paid-in surplus.....	\$-----
3. Other capital surplus.....	\$-----
Total capital surplus.....	\$=====

RETAINED INCOME

260—Retained income—Appropriated.....\$-----

280—Retained income—Unappropriated.....\$-----

Total retained income.....\$=====

Total capital and surplus.....\$=====

Total liabilities.....\$=====

NOTE: Amount of cumulative dividends in arrears.....\$-----

Amount of principal, interest, or sinking fund provisions of long-term debt in default.....\$-----

Retained Income Accounts

281 Net income balance.

This account shall include the net balance of the income accounts for the calendar year.

CREDIT ACCOUNTS

282 Profits from unusual sales of property.

This account shall include profits (excess of net proceeds over book cost less

recorded depreciation) realized from unusual sales of carrier and noncarrier property when such profits are so material in amount that their inclusion in the income statement would impair the significance of net income for the year so that misleading inferences might be drawn therefrom. Ordinary profits or credit adjustments of a recurring nature incident to sale or other disposition of equipment or other property shall be included in income account 508, "Profits from sale or disposition of property."

283 Miscellaneous credits.

This account shall include amounts creditable to retained income, including amounts representing increases of resources, not properly assignable to other accounts. Among such items are:

1. Adjustments of depreciation reserve authorized by the Commission.

2. Cancellation of liability accounts (including unclaimed wages) written off because of carrier's inability to locate the creditor.

3. Credits resulting from adjustments required to bring to par long-term debt obligations issued or assumed by the carrier and reacquired at a cost less than par value.

4. Items, except unrefundable revenue overcharges, erroneously collected and retained on account of inability to make refund.

5. Profit derived from the sale of securities of others held as investments.

6. Delayed items and credit adjustments, other than ordinary adjustments of a recurring nature, including material adjustments of Federal income taxes. (See instruction 4, Delayed items and adjustments.)

7. Recovery of fines previously charged to Account 285, "Miscellaneous debits."

8. Remittances received from anonymous sources.

9. Unamortized premiums on long-term debt reacquired before maturity.

DEBIT ACCOUNTS

284 Losses from unusual sales of property.

This account shall include losses (deficiency between net proceeds and book cost less recorded depreciation) from unusual sales of carrier and noncarrier property when such losses are so material in amount that their inclusion in the income statement would impair the significance of net income for the year so that misleading inferences might be drawn therefrom. Ordinary losses or debit adjustments of a recurring nature incident to sale or other disposition of equipment or other property shall be included in income account 525, "Losses from sale or disposition of property."

285 Miscellaneous debits.

This account shall include amounts chargeable to retained income, including amounts not properly assignable to other accounts. Among such items are:

1. Adjustments of land values.

2. Book cost (in excess of reserve provisions) of improvements on leased property at time of reversion to lessor.

3. Debits resulting from adjustments required to bring to par long-term debt obligations issued or assumed by the carrier and reacquired at a cost exceeding par value.

4. Discount and expense on capital stock remaining unextinguished at the time of its retirement, in excess of the pro rata portion includible in account 250-2, "Paid-in surplus."

5. Adjustments of depreciation reserve authorized by the Commission.

6. Loss of funds due to bank failures.

7. Losses resulting from revaluation or sale of securities of others held as investments.

8. Delayed items and debit adjustments, other than ordinary adjustments of a recurring nature, including material adjustments of Federal income taxes. (See instruction 4, Delayed items and adjustments.)

9. Payments of liabilities previously written off through retained income.

10. Penalties and fines for violations of the Interstate Commerce Act, and other Federal or State laws when not specifically provided for elsewhere.

11. Unextinguished discounts and expenses on funded debt reacquired before maturity.

286 Miscellaneous reservations of retained income.

(a) This account shall include appropriations of retained income set aside in special reserve, including amounts appropriated to sinking fund and other special funds maintained by the carrier.

(b) Amounts charged to this account shall be credited to account 260, "Retained income—Appropriated." The use of this account is conditional upon the carrier's having an adequate credit balance in retained income.

287 Dividend appropriations of retained income.

(a) This account shall include amounts definitely declared payable from retained income as dividends on actually outstanding capital stock issued or assumed by the carrier, other than debenture stock. If a dividend is not payable in cash, the consideration shall be described in the entry with sufficient particularity to identify it.

(b) This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE: This account shall not include dividends on capital stock issued or assumed by the carrier and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or other special funds.

288 Federal income taxes assigned to retained income.

This account shall include the estimated Federal income tax consequences (debit or credit) assignable to profits and losses from sale of property and other amounts when, for accounting purposes, such amounts are recorded directly in retained income accounts.

Income Accounts

300 Water-line operating revenues.

This account shall include the total revenues derived from transportation service as detailed in primary operating revenue accounts number 301 to 355, both inclusive.

OPERATING REVENUE; LINE SERVICE

301 Freight revenue.

This account shall include the revenue accruing from the transportation of freight upon the basis of lawful tariff rates or special contracts.

Items to be credited:

1. Revenue upon the basis of local freight tariff rates.

2. The carrier's proportion of revenue upon the basis of just freight tariff rates.

3. Revenue from the transportation of mail matter and empty mail pouches at freight rates.

4. Arbitraries in the division of joint freight rates for such allowances as cargo insurance, and similar items.

5. Revenue from transportation of freight on basis of special contract excluding towing in line service for other regulated carriers.

6. Revenue from towing service performed for private carriers.

7. Revenue from charter rental of vessels to shippers when such rental is dependent upon the commodities and volume of freight transported.

8. Revenue from the transportation of automobiles at special rates when incident to the transportation of passengers.

9. The proportion accruing to the carrier of revenue from pools for the purpose of equalizing revenues.

Items to be charged:

1. Refunds of overcharges due to erroneous weights, measurements, rate classifications, or computations.

2. The carrier's proportions of refunds on account of errors in routing and billing.

3. The carrier's proportions of uncollected charges on lost, damaged, or destroyed shipments where neither shipper nor consignee is liable.

4. Foreign lines' proportions of overcharges assumed by the carrier under reciprocal rule establishing a voucher minimum.

5. Amounts payable for switching service and collection and delivery service when performed as part of the transportation of freight.

NOTE A: Other carriers' proportions of uncollectible undercharges paid by the carrier on account of its errors in routing and billing shall be charged to account 450, "Other terminal operations."

NOTE B: Other carriers' proportions of uncollected tariff charges paid by the carrier on freight lost, destroyed, or damaged in transit shall be charged to account 452, "Loss and damage—Freight," when not recoverable from insurance.

NOTE C: This account shall be maintained to show separately payments and allowances (a) to rail carriers, (b) to motor truck operators and others, and (c) allowances to shippers and consignees for collection and delivery service and switching service when performed at terminals as part of the transportation of freight on basis of tariff rates.

302 Passenger revenue.

This account shall include the revenue accruing from the transportation of passengers based upon lawful tariff fares.

The credits to this account shall appear under appropriate subheads as follows:

1. Revenue from transportation of passengers not including sleeping accommodations and meals.

2. Revenue from the rent of staterooms, berths in staterooms, and other sleeping and living accommodations.

3. Revenue from the sale of meals and food supplies.

4. Revenue from the transportation of passengers, including sleeping accommodations and meals (when not separable).

Items to be credited:

1. Revenue upon the basis of local fares.

2. The carrier's proportion of revenue from joint tariff fares.

3. Revenue from extra fares for limited service.

4. Revenue from mileage and scrip coupons honored.

5. Revenue from the transportation of corpses.

Items to be charged:

1. Redemptions of unused or partially used local passenger tickets.

2. The carrier's proportion of redemptions of unused or partially used joint tariff passenger tickets.

3. Refunds of overcharges resulting from collections in excess of lawful fares.

NOTE: No credits shall be included in this account for transportation, accommodations, and meals furnished employees.

303 Baggage.

This account shall include the revenue accruing from the transportation of baggage in excess of free authorized allowance; also the revenue from the transportation of packages, baby carriages, bicycles, animal pets, and other articles at other than freight or express tariff rates.

304 Mail.

This account shall include the revenue accruing from the transportation of mail at established rates for specific routes; from the use of special facilities; from bonuses for special mail transportation; and all other revenues accruing under the terms of general mail contracts with the Government.

Items to be charged: Fines and penalties imposed by the Government when not collected from agents or employees.

NOTE A: The revenue from the transportation of mail matter and empty mail pouches as freight shall be included in account 301, "Freight revenue."

NOTE B: When contracts with the Government provide specific amounts for the rent of mail facilities at stations, such amounts shall be included in account 342, "Other rent revenue."

305 Express.

This account shall include the revenue accruing from transportation of express matter and from the use of facilities on vessels and at stations incident to such transportation.

When a carrier transacts an express business through its regular organization, the revenue therefrom shall be credited to this account.

NOTE: When contracts for express privileges provide specific amounts for the rent of facilities at stations, such amounts shall be included in account 342, "Other rent revenue."

306 Miscellaneous voyage revenue.

This account shall include the revenue earned by a carrier from sources incidental to transportation service and not provided for elsewhere.

Items to be credited:

1. Receipts from the sale of tobacco, cigars, cigarettes, beverages, mineral waters, ice cream, and buffet and bar supplies.

2. Receipts from the sale of books, periodicals, and other newsstand supplies.

3. Revenue from the rent of steamer chairs, rugs, and cushions.

4. Revenue from parcel rooms on vessels.

5. Revenue from weighing and vending machines on vessels.

6. Revenues from pay toilets on vessels.

7. Commissions from baggage insurance sold.

8. Tolls on radio messages.

9. Revenue from concession given to others to sell buffet and other supplies on vessels.

10. Revenue from the furnishing of exclusive service of stewardesses, stewards, or other vessel employees to passengers.

11. Revenue from barber or valet services rendered to passengers.

12. Revenue from telephone calls made from ship.

13. Revenue from refrigeration aboard vessels.

14. Revenue from special services by vessels in assisting other craft when aground, helping through cutoffs, catching vessels adrift, and other similar services.

312 Demurrage.

This account shall include per diem earned by the carrier for use of equipment on account of delay in excess of free time in loading and discharging cargo or releasing equipment.

313 Revenue from towing for regulated carriers.

This account shall include the revenue derived from services performed for other regulated water carriers in towing loaded or empty barges, and other similar equipment by line vessels.

NOTE A: Charges assessed against the carrier for whom such services are performed shall be included in account 429, "Outside towing expenses."

NOTE B: Revenue derived from towing performed for private carriers shall be included in account 301, "Freight revenue."

OTHER OPERATING REVENUE

320 Special services.

This account shall include the revenue from short excursions or special trips at lump-sum charges for such service between designated points.

321 Ferry service.

(a) This account shall include the revenue from the transfer by ferry of freight, passengers, vehicles, and livestock upon the basis of tariff rates for services performed.

(b) The credits to this account shall be recorded under appropriate subheads as follows:

1. Freight.
2. Passengers.
3. Vehicles and livestock.
4. Other.

REVENUE FROM TERMINAL OPERATIONS

331 Revenue from cargo-handling operations.

This account shall include the revenue derived from the performance by the carrier of stevedoring and other cargo-handling services for others, such as checking, tallying, receiving, transferring, delivering, cooping, and use of gear and equipment, including wharfage, transfer, handling and car loading and unloading when allowed as arbitraries in division of rates.

332 Revenue from tug and lighter operations.

This account shall include the revenue derived from services performed by the carrier for others by its tugs, lighters, barges, scows, launches, floating cranes, and similar floating equipment, including rental of equipment, arbitraries allowed in division of lighterage rates and

demurrage on lighter and other harbor equipment.

333 Agency fees, commissions, and brokerage.

This account shall include revenue derived from agency fees, commissions, and brokerage covering services rendered to others when acting as agents for their vessels.

334 Miscellaneous operating revenue.

This account shall include revenue derived from shore operations incidental to the shipping business for which no other accounts are provided.

Items to be credited:

1. Revenue from advertising space in time-tables, folders, and magazines.
2. Revenue from amusement parks.
3. Forwarding fees.
4. Revenue from clergy bureaus.
5. Revenue from commissions for collecting from employees premiums on insurance policies and installment payments for books, watches, etc.
6. Revenue from commissions received on ticket sales.
7. Revenue from garnishment fees.
8. Revenue from penalties for loss of baggage and parcel-check.
9. Revenue from operation of parcel rooms and lavatories at terminals.
10. Revenue from public telephone messages.
11. Revenue from sale of electricity.
12. Revenue from the sale of tariffs.
13. Revenue from sight-seeing tickets sold.
14. Revenue from storage of freight.
15. Revenue from ticket-validation agencies.
16. Revenue from vending machines at terminals.
17. Revenue from waste paper and old records sold.
18. Revenue from water sold.
19. Revenue from protective service such as refrigeration and precooling.
20. Insurance collections in excess of expenses applicable to maintenance or operation.
21. Revenue from watchmen's services.
22. Revenue from holding charges.
23. Revenue from terminal operations not provided for elsewhere.

RENT REVENUE

341 Revenue from charters.

(a) This account shall include the revenue receivable by the carrier under contract for the charter of its vessels to other carriers (or to shippers when the amount receivable for charter is not de-

pendent upon the commodities and volume of freight transported) such as bare boat and time charters.

(b) The carrier shall include the charter revenue receivable under the contract in this account and shall include in the appropriate operating-expense accounts, the operating expenses, if any, incurred and borne by it in operating vessels so chartered.

NOTE: Charter revenue derived from rental of vessels to shippers where such revenue is dependent upon the commodities and volume of freight transported shall be included in account 301, "Freight revenue."

342 Other rental revenue.

This account shall include the amounts derived from rental or lease of terminal facilities by the carrier to others including dockage, side wharfage, top wharfage, use of doorways, lights, etc., including revenue from freight and passenger privileges over the carrier's wharves and docks.

MOTOR-CARRIER OPERATIONS

351 Motor-carrier revenue.

(a) This account shall include the operating revenues accruing to the carrier from the transportation of passengers, freight, express, and mail by motor vehicles operated in highway service in addition to or in lieu of services performed by vessels.

(b) The carrier shall maintain the primary revenue accounts prescribed by the Commission in the uniform systems of accounts for motor carriers of property and persons.

355 Interdepartmental credits.

If a carrier so elects, this account may include amounts which are credited to appropriate primary revenue accounts and concurrently charged to appropriate primary operating expense accounts representing interdepartmental items in connection with the operation of the carrier's terminal facilities while used by its own vessels in its own service. The carrier shall maintain subaccounts corresponding to the primary revenue accounts to which such credits shall be first allocated, and after closing the accounts, the amounts in these subaccounts shall be transferred to this account. In preparing and rendering reports to this Commission, the amounts in this account shall be omitted.

Small Carriers

CONDENSED REVENUE ACCOUNTS FOR SMALL CARRIERS

Accounts To Be Kept by Class A Companies

I. Operating Revenue—Line Service

301. Freight revenue.
302. Passenger revenue.
303. Baggage.
304. Mail.
305. Express.
306. Miscellaneous voyage revenue.
312. Demurrage.
313. Revenue from towing for regulated carriers.

II. Other Operating Revenue

320. Special services.
321. Ferry service.

Accounts To Be Kept by Class B Companies

I. Operating Revenue—Line Service

301. Freight revenue.
302. Passenger revenue.
303. Other line service revenues.
313. Revenue from towing for regulated carriers.

II. Other Operating Revenue

320. Special services.
321. Ferry service.

Small Carriers—Continued

CONDENSED REVENUE ACCOUNTS FOR SMALL CARRIERS—Continued

Accounts To Be Kept by Class A Companies

III. Revenue from Terminal Operations

- 331. Revenue from cargo-handling operations.
- 332. Revenue from tug and lighter operations.
- 333. Agency fees, commissions, and brokerage.
- 334. Miscellaneous operating revenue.

IV. Rent Revenue

- 341. Revenue from charters.
- 342. Other rent revenue.

V. Motor-Carrier Operations

- 351. Motor-carrier revenue.

Accounts To Be Kept by Class B Companies

III. Revenue from Terminal Operations

- 331. Terminal revenues.

IV. Rent Revenue

- 341. Charter and other rents.

V. Motor-Carrier Operations

- 351. Motor-carrier revenue.

OPERATING EXPENSES

400 Water-line operating expenses.

This account shall include the total expenses incurred in conducting transportation services as detailed in primary operating expense accounts number 401 to 495, both inclusive.

MAINTENANCE EXPENSES

401 Supervision.

This account shall include the pay of department heads and their assistants directly in charge of and engaged in maintenance, including clerks and attendants and the office and other expenses of the employees whose pay is chargeable to this account.

ITEMS

Auto service.
Books.
Directories.
Express charges.
Heat.
Ice.
Light.
Maps and plans.
Membership in association.
Newspapers.
Periodicals.
Photographs.
Supplies for cleaning.
Supplies for office.
Stationery and printing.
Telegraph and telephone.
Traveling expenses.
Wireless service.

NOTE: When department heads have direct supervision over other operating departments, the pay and expenses of their office shall be apportioned equitably over the departments under their supervision.

402 Repairs of floating equipment.

This account shall include the cost of material and labor expended in making repairs to vessels and other floating equipment directly attributable to replacement or restoration to a satisfactory condition of damaged and worn parts of vessels and other floating equipment, their machinery and fixtures comprising integral parts of such units.

The following is a representative list of items:

(a) *Repairs to hull.*
Beam frames, floors, girders, stringers.
Bulkheads and watertight.
Cargo lights and accessories.
Cargo ports and hatches.
Caulking decks.
Cost of surveys.
Credit for salvage material.

Deck houses, doors, windows, canvas decks, companionways, skylights.
Decks and superstructure.
Degaussing—Deperming, wiping and flashing.

Derricks, cargo cranes.
Dry-docking and painting bottom.
Fire and general alarm systems.
Hold stanchions and ladders.
Loud speakers.
Other mechanical work on deck fitting and appliances.

Other miscellaneous hull work.
Railings, port lights, scuttles, coal holes, and ventilators.
Rudder and attachments (including quadrant).

Sea chests and sea valves.
Shell plating, deck plating, bulkheads, casings, built-in tanks, tank tops.
Sluice gates, bilge suction systems, sounding pipes, scuppers, fire-main.
Sprinklers.

Steering-gear loads, sheaves, controlling gear.

(b) *Repairs to machinery.*
Air conditioning equipment.
All pumps, independent and attached to engine.

Ash-hoisting apparatus, discharge pipe and hopper.

Auxiliary condenser.
Boiler ash pans, ash guards and boiler repairs.

Boiler casting for furnace, connecting doors (labor).

Boiler furnaces and combustion chambers.

Boiler heads and shell.

Boiler smoke pipe, uptakes, furnace fronts.

Boiler tubes.

Boiler valves and mounting.

Blowers and airducts.

Capstans.

Cargo winches.

Dynamos and electrical fittings.

Electric generators and switchboards (including those for space occupied by machinery only).

Engine and boiler room floor plates and supporting structures.

Evaporators, distiller, filter tanks, donkey tank.

Holsters.

Insulation on machinery, boilers, piping (not including sanitary lines, heating system, refrigerating or fresh water service).

Large ventilating fans.

Main condenser.

Main engine cylinders, pistons, valves, main engine parts, thrust bearings.

Piping fixtures, valves (not including sanitary, heating, refrigerator, or fresh water system).

Propeller, shafting and stern tube.

Refrigerating apparatus as far as loads to storage boxes.

Steering engine.

Windlass.

(c) *Repairs to fixtures.*

Brickwork on floors, tiling, asphaltting cementing.

Drinking tanks, filters, fountains.

Emergency escape panel kickout.

Ice boxes, refrigerating pipes and insulation.

Labor and material on heating system, steam to galley and pantry.

Labor and material—sanitary, drains, fresh water, hand pumps, sinks.

(d) *Miscellaneous.*

All repairs to floating equipment not provided elsewhere. Towage of floating equipment to and from repair yards and docking and undocking.

NOTE: The cost of repairs resulting from casualties shall be charged to account 166, "Claims pending," when covered by insurance. See account 473, "Hull insurance and damage," with respect to amounts not recoverable from insurance companies.

404 Repairs of buildings and other structures.

This account shall include:

1. Cost of material used and labor expended in repairing fixed improvements of all classes, such as wharves, docks, and other landings or structures; pontoons, slips, sea walls, bulkheads, jetties, drydocks, and inclines thereto, including filling, strengthening, bracing, and painting.

2. Cost of repairing crib-work, racks, and bulkheads constructed for preserving the depth of water secured by dredging.

3. Cost of dredging to restore the depth of water.

4. Cost of repairs to guard and other piling, also cutting ice around docks and wharves to prevent damage, expenditures for protection against fire, and other expenses of a like nature.

5. Cost of repairs to general office and other buildings or structures, platforms, inclines to buildings.

6. Cost of repairing fixtures, machinery, and appurtenances.

Labor and material used in repairing the following:

Alarm system.

Arc lights.

Asbestos covering for boilers and pipes.

Asphalt.

Awnings.

Baggage rooms.

Bars and window.

Bins for material.

Blacksmith shops.

Boiler foundations.

Boiler rooms.

Boilers.

Boiler shops.

Boiler tubes.

Booths, telephone.

Bracing.

Breakwaters for protection of structures.

Buildings.

Bulkheads.

Canopies.

Carpenter shops.

Chutes.

Cisterns.

Coaling trestles.

Cofferdams.

Cord, window sash.

Counters.

Cross ties.

Docks.

Doors.

Door stops.

Drainage and sewage systems.

Drinking fountains.

Driveways.

Dynamos.

Eating rooms.

Electric light plants.

Electric wiring.

Elevators and machinery.

Express on repair material.

Faucets.

Fences.
 Fenders, dock.
 Fire buckets.
 Fire houses.
 Fire escapes.
 Fire lines.
 Fire sprinkler lines.
 Floors.
 Foundations.
 Foundries.
 Freight charges on repair material.
 Freight cranes and derricks attached to buildings.
 Freight house.
 Fuel stations.
 Garage buildings.
 Gates.
 General office buildings.
 Grain elevators.
 Grain warehouses.
 Greenhouses.
 Heating plants.
 Hedges.
 Hoisting engines for handling freight.
 Hosehouses.
 Hydrants.
 Icehouses.
 Lighting plants.
 Lumber sheds.
 Machine shops.
 Office buildings.
 Paint shops.
 Pavement within grounds.
 Paint and painting.
 Partitions.
 Piers.
 Piling.
 Pipe lines, interior.
 Plumbing.
 Power plants.
 Pumping stations.
 Railings.
 Radiators.
 Ramps.
 Refrigeration plants.
 Roofing.
 Screens, window and door.
 Shelving.
 Shops.
 Sidewalks.
 Sprinkler systems.
 Stables.
 Stairs.
 Steam and hot water distributing system.
 Storehouses.
 Skylights.
 Toilets.
 Tracks.
 Vaults.
 Ventilators.
 Waiting rooms.
 Wash bowls.
 Wash rooms.
 Watchhouses.
 Water meters.
 Water-supply systems.
 Wharves.
 Windows.
 Window shades.

NOTE A: The cost of repairs of movable equipment of fixed structures shall be included in account 405, "Repairs of office and other terminal equipment."

NOTE B: The cost of repairs resulting from casualties shall be charged to account 166, "Claims pending," when covered by insurance. See account 477, "Other insurance" with respect to amounts not recoverable from insurance companies.

405 Repairs of office and terminal equipment.

This account shall include the cost of material and repair parts used and labor expended in repairing all movable equipment of building and other fixed terminal structures.

SHOP EQUIPMENT

Acetylene cutting and welding machines.
 Anvils.

Assorted dies and blocks.
 Belting.
 Bench vices.
 Blue printing machines
 Bolt cutter.
 Boring bar.
 Boring brasses.
 Burning torches.
 Cages.
 Cast iron face plate.
 Chain blocks.
 Charging boards.
 Chisels.
 Compressed-air equipment.
 Crosscut saw.
 Die stock ratchet.
 Drill press.
 Drills.
 Electric drills.
 Emery grinder.
 Forges.
 Furnaces.
 Hydraulic jacks.
 Iron horse.
 Lathe.
 Magnetos.
 Motors.
 Mould filling brasses.
 Paint burners.
 Paint spraying machine.
 Pipe cutter.
 Photostatic machine.
 Portable boring bars.
 Portable electric grinder.
 Power machine.
 Power saw.
 Propeller fan.
 Punch and shears.
 Reamers.
 Riveters' hammers.
 Saws.
 Scales.
 Scaling hammers.
 Sewing machines.
 Shapers.
 Sledges.
 Stamping tools.
 Stationary engine.
 Steam hammer.
 Steam-test pump.
 Stencil machine.
 Stillson wrenches.
 Swedges.
 Taper shanks.
 Tools.
 Torches.
 Tube expanders.
 Twist drills.
 Twist drill and tool grinder.
 Ventilating set.
 Vises.
 Wire cutters.
 Wrenches.

OFFICE EQUIPMENT

Adding machines.
 Addressing machines.
 Billing and bookkeeping machines.
 Blackboards.
 Blueprinting machines.
 Book cases.
 Brief cases.
 Cabinets.
 Calculating machines.
 Cameras.
 Carpets.
 Chairs.
 Check protectors.
 Clocks.
 Comptometer machines.
 Costumers.
 Counters.
 Desks.
 Dictaphones.
 Display racks.
 Drafting and engineering instruments.
 Duplicating machines.
 Filing cabinets.
 Fire extinguishers.
 Floor covering.
 Floor scrubbing and polishing equipment.
 Guns.

Lamps.
 Linoleum.
 Lockers.
 Mailing machines.
 Mimeograph machines.
 Numbering machines.
 Pictures.
 Polishing machines.
 Printing press and printing equipment.
 Refrigerators.
 Rugs and floor coverings.
 Safes.
 Scales.
 Settees.
 Shelving, portable.
 Stools.
 Stoves.
 Tables.
 Typewriters.
 Vacuum cleaners.
 Vending machines.

WHARF EQUIPMENT

Airplane platforms.
 Batteries.
 Bumpers.
 Canvas covers.
 Canvas slings.
 Cargo blocks.
 Cargo chutes.
 Cargo hooks.
 Cargo rollers.
 Chains.
 Chain slings.
 Coal buckets.
 Conveyors and belts, castors and rollers.
 Cranes, movable.
 Crow bars.
 Derricks, movable.
 Drum holsters.
 Electric truck warehouse.
 Escalators and castors, chains, and gears.
 Fire barrels.
 Fire buckets.
 Fire hose.
 Freight-handling equipment.
 Gangplanks.
 Gangways.
 Gas tanks.
 Hand trucks.
 Hardware.
 Lawn mowers.
 Lift jacks.
 Motor trucks, warehouse.
 Mechanical parts for wharf equipment.
 Paper slings.
 Platforms.
 Platform scales.
 Platform trays.
 Platforms, truck.
 Pontoons.
 Racks.
 Rope.
 Rope slings.
 Scales, dock.
 Seats.
 Skids.
 Tarpaulins.
 Tents, canvas.
 Tools, miscellaneous.
 Tractors, warehouse.
 Trailers, warehouse.
 Trucks and truck bodies, warehouse.
 Ventilator and heaters.
 Wharf fenders.
 Wheels.
 Wire falls.
 Wire-rope slings.

GARAGE EQUIPMENT

Air compressors and tanks.
 Anvils.
 Arbor presses.
 Battery-charging outfits.
 Belts, shafts, and countershafts.
 Boring and reaming machines.
 Car washing machines.
 Cranes and hoists (portable).
 Creepers.
 Drill presses.
 Electric equipment.
 Engines and boilers.

Forges.
Gasoline, oil pumps, and portable tanks.
Greasing racks and pumps.
Grinders.
Jacks.
Lathes.
Lockers.
Machine tools.
Motor-driven hand tools.
Oil reclaiming machines.
Paint sprayers.
Pneumatic tools.
Storage bins and shelves (portable).
Storeroom equipment, except office.
Stoves.
Testing equipment.
Tire-changing equipment.
Tool racks.
Vises.
Vulcanizing equipment.
Weighing devices.
Welding apparatus.
Wheel pullers.
Work benches.

406 Repairs of highway equipment.

This account shall include the cost of labor, material, and other expenses incurred in the maintenance of highway vehicle and service equipment used in motor operations subject to parts I and III of the Interstate Commerce Act.

HIGHWAY EQUIPMENT

Automobiles.
Buses.
Lift vans.
Tractors, trailers, and semitrailers.
Trucks.

NOTE: The cost of repairing motor highway equipment subject to part II of the Interstate Commerce Act is chargeable to account 491, "Motor-carrier expenses."

407 Shop expenses.

This account shall include the cost of labor, material, and other expenses incurred in the operation of machine shops at which mechanical work is done.

ITEMS OF EXPENSE

Cleaning shops and yards.
Fuel, lubricants, etc.
Heat, light, and power.
Ice used in shops.
Portable hand tools of short life.
Supplies used in shops.

NOTE: When work done is chargeable to others, the expenses of operating the shop shall be included in a suspense account and only the carrier's proportion shall be cleared to this account.

408 Other maintenance expenses.

This account shall include all expenses incident to the maintenance of property used in transportation service for which no other account is provided.

DEPRECIATION AND AMORTIZATION

411 Depreciation; transportation property.

This account shall include the amount of depreciation charges applicable to the accounting period for all depreciable transportation property currently operated in the service of the carrier.

413 Amortization of investment; leased property.

(a) This account shall include the amount of amortization charges applicable to the accounting period relating to the carrier's investment in improvements on leased property.

(b) The amortization charges shall be computed to distribute as nearly as practicable the book cost of such investments in equal annual charges over the period of their useful life in the service of the carrier.

TRANSPORTATION EXPENSES

LINE SERVICE

421 Supervision.

This account shall include the pay of department heads and their assistants in charge of or engaged in the operation of vessels in line service, including the pay of clerks and attendants and office and other expenses of employees whose pay is chargeable to this account.

ITEMS OF EXPENSE AND SUPPLIES

Auto service.
Books.
Directories.
Express charges.
Heat.
Ice.
Light.
Maps.
Membership in associations.
Newspapers.
Painting signs on office doors.
Periodicals.
Photographs.
Supplies for cleaning.
Supplies for office.
Stationery and printing.
Telegraph and telephone.
Traveling expenses.
Wireless service.

NOTE: When department heads have direct supervision over other operating departments, their pay and expenses, and the pay and expenses of their employees, shall be apportioned equitably among the departments over which they have supervision.

422 Wages of crews.

This account shall include the wages of crews of vessels engaged in line service.

(a) *Deck department.* The pay of captains and all other employees of the deck department.

LIST OF EMPLOYEES

Boatswains.
Captains.
Carpenters.
Chief officers.
Deck hands.
Mates.
Pilots.
Portmen.
Quartermasters.
Sailors.
Seamen.
Watchmen, deck, cargo, and saloon.
Wireless telegraph operators.

(b) *Engineers' department.* The pay of chief engineers and all other employees of the engineers' department.

LIST OF EMPLOYEES

Assistant engineers.
Chief engineers.
Coal passers.
Electricians.
Firemen.
Oilers.
Plumbers.
Watertenders.
Wipers.

(c) *Stewards' department.* The pay of pursers and all other employees of the stewards' department.

LIST OF EMPLOYEES

Bakers.
Barbers.
Bellboys.
Butchers.
Cashiers.
Chefs.
Cooks.
Cruise directors.
Dishwashers.
Doctors.
Entertainers.
Food checkers.
Hostesses.
Messboys.
Messmen.
Musicians.
Nurses.
Pantrymen.
Porters.
Printers.
Pursers.
Scullions.
Stewardesses.
Stewards.
Storekeepers.
Telephone operators.
Waiters.

NOTE: When vessels are laid up in inactive service, the pay of the crews while engaged in repair work shall be charged to the appropriate accounts for repairs. If not engaged in repair work, the pay of the crews shall be charged to account 433, "Lay-up expenses."

423 Fuel.

This account shall include the cost of coal (including trimming when purchased f.o.b. lighters), oil, wood, and other fuel used for generating power, heat, and light on vessels in line service. This account shall also include the cost of analyzing or testing the quality of ships' fuel.

NOTE: When vessels are laid up in inactive service, the cost of fuel consumed during such period shall be charged to account 433, "Lay-up expenses."

424 Lubricants and water.

This account shall include the cost of oil, grease, tallow, graphite, and other lubricants; also of water and cost of analyzing and treating water for boilers of vessels in line service.

NOTE: When vessels are laid up in inactive service, the cost of lubricants and water used during such period shall be charged to account 433, "Lay-up expenses."

425 Food supplies.

This account shall include the cost of food furnished to the stewards' department of vessels in line service and consumed by officers, crew, and passengers, including cost of delivery on board and inspection.

LIST OF SUPPLIES

Bread.
Butter.
Cakes.
Cereals.
Cheese.
Coffee.
Condiments.
Crackers.
Cream.
Dry provisions.
Eggs.
Extracts.
Fish, fresh, salted and canned, shell, and frozen.
Flour.
Fruits, fresh, preserve and dry.
Groceries.
Honey.

Ice cream.
 Ices.
 Jams.
 Jellies.
 Juices, fruit, berry, and vegetable.
 Milk.
 Molasses.
 Meats, fresh, salted, and prepared.
 Nuts.
 Olives.
 Pickles.
 Poultry.
 Preserves.
 Relishes.
 Rolls.
 Salt.
 Sauces.
 Sugar.
 Spices.
 Tea.
 Vegetables, fresh, and canned.
 Yeast products.

NOTE A: Food, such as fruit, ice cream, ices, etc., sold as buffet supplies shall be charged to account 427, "Buffet supplies."

NOTE B: When vessels are laid up in inactive service, the food consumed during such period shall be charged to account 433, "Lay-up expenses."

426 Stores, supplies and equipment.

This account shall include the cost of stores, supplies and equipment used by the deck department, the engineer's department, and the stewards' department of vessels in line service.

DECK AND ENGINEER'S DEPARTMENT

Acids.
 Alcohol.
 Ammonia.
 Antiseptics.
 Asbestos.
 Ash bags.
 Asphalt.
 Atomizers.
 Axes.
 Babbitt metal.
 Badges.
 Barometer charts.
 Batteries.
 Beeswax.
 Bits.
 Blocks.
 Boiler compound.
 Bolts.
 Borer.
 Braces.
 Brass sheet.
 Bricks.
 Brooms and brushes.
 Buckets.
 Bulbs, electric light.
 Burlap.
 Buttons for uniforms.
 Calipers.
 Can, squirt.
 Candles.
 Cans oil.
 Canvas.
 Caps.
 Carbonic acid gas.
 Carbons, searchlight.
 Cement.
 Chalk.
 Charts.
 Cheesecloth.
 Chemicals.
 Chisels.
 Clamps.
 Coal bags.
 Coils.
 Cost of delivery on board of stores.
 Couplings, hose and pipe.
 Cups, oil and grease.
 Curled hair.
 Dies.
 Disinfectants.
 Drayage on stores.
 Drills.
 Drinking cups.

Dry cells.
 Drugs and medicines.
 Dusters.
 Dustpans.
 Elbows.
 Electric plugs.
 Emery.
 Emery cloth.
 Epaulets.
 Extinguishers, fire.
 Falls.
 Files.
 Filter sheets.
 Fire clay.
 Fire extinguishing supplies.
 First-aid kits.
 Flags.
 Flashlights.
 Freight or express charges on stores.
 Funnels.
 Fuses.
 Gaskets.
 Gasoline.
 Gauze, wire.
 Glass, ground.
 Globes.
 Glue.
 Glycerine.
 Grommets.
 Halyards, signal.
 Hammers.
 Hand tools.
 Hatchets.
 Hinges.
 Hooks.
 Hooks, boat.
 Hose, water, steam, and metallic.
 Hydrometers.
 Ice.
 Kerosene.
 Lampblack.
 Lamp burners.
 Lamp chimneys.
 Lamp guards.
 Lamp oil.
 Lamp wicks.
 Lantern globes.
 Lead, red.
 Lead, white.
 Line.
 Linseed oil.
 Lumber for dunnage.
 Mail bags.
 Maps.
 Marline.
 Marline spikes.
 Master's permit.
 Matches.
 Medical and surgical supplies.
 Medicine.
 Metal polish.
 Mop wringer palls.
 Mops.
 Nails.
 Nipples.
 Nozzles, hose.
 Nuts.
 Oil.
 Oxalic acid.
 Packing.
 Padlocks.
 Pails.
 Paint.
 Paint remover.
 Paper cups.
 Paste, polishing.
 Pennants.
 Plugs, fusible.
 Plugs, pipe.
 Polish, metal and other.
 Potash.
 Powder, soap.
 Pumice stone.
 Putty.
 Rags.
 Rat traps.
 Rivets.
 Rockets.
 Rope.
 Sail needles.
 Sand.
 Sandpaper.

Sawdust.
 Saws.
 Screw drivers.
 Screws.
 Sheet rubber.
 Shellac.
 Shovels.
 Signal oil.
 Small tools.
 Soap.
 Soda ash.
 Solder.
 Soldering supplies.
 Sponges.
 Springs.
 Staples.
 Stoppers.
 Tacks.
 Tallow.
 Tape.
 Tar.
 Telephone charges.
 Thermometers.
 Tin, sheets of.
 Tobacco cloth.
 Torches, blow.
 Trowels.
 Turpentine.
 Twine.
 Uniforms.
 Valves.
 Varnish.
 Washers.
 Waste.
 Wicks.
 Wire.
 Wrenches.
 Zinc, white.

STEWARDS' DEPARTMENT

Aprons, coats, caps, uniforms for employees.
 Badges, waiters.
 Bed sheets.
 Bedding.
 Blankets.
 Books for library.
 Bowls.
 Chinaware.
 Cooking utensils.
 Counterpanes.
 Covers, pillow and mattress.
 Crew eating gear.
 Crockery.
 Dishes.
 Drinking cups, paper.
 Epaulets.
 Floral or other decorations.
 Fresh water for drinking.
 Freight or express charges on stores.
 Fuel for cooking.
 Galley fuel.
 Glassware.
 Ice.
 Kettles.
 Kitchen utensils.
 Linen.
 Matches.
 Mattresses.
 Mattress covers.
 Menu.
 Musical instruments.
 Music rolls.
 Napkins.
 Neckties.
 Nut crackers.
 Pans.
 Paper cups, napkins, and towels.
 Phonograph records.
 Pillows and pillow cases.
 Pots.
 Radio tubes, batteries, and parts (for passenger entertainment).
 Sheets.
 Sheet music.
 Silverware.
 Slips, pillow.
 Soap.
 Stationery and post cards for passenger use.
 Suits.
 Tableware.

Tablecloths.
Toilet paper.
Toothpicks.
Towels and towelings.

NOTE: When vessels are laid up in inactive service, the cost of stores, supplies, and equipment consumed during such period shall be charged to account 433, "Lay-up expenses."

427 Buffet supplies.

This account shall include the cost of buffet supplies for vessels in line service.

LIST OF BUFFET SUPPLIES

Alcoholic beverages.
Candy.
Carbonic acid gas.
Cigarettes.
Cigars.
Fruit.
Ice cream.
Mineral water.
Periodicals.
Post cards.
Souvenirs.
Tobacco.

428 Other vessel expenses.

This account shall include expenses incurred incident to the operation of vessels in line service and not properly chargeable to other accounts.

ITEMS OF EXPENSE

Ashes, removal of.
Ballast expense.
Board and room allowance for crew on shore.
Canal tolls.
Capacity plans.
Carrier's proportion of expenses incurred in operating pools for the purpose of equalizing revenues.
Chronometers, rating.
Compass, adjusting.
Crew, transportation and cost of securing.
Emblems.
Fresh water.
Garbage service.
Inventory expense.
Launch hire.
Lights furnished from shore.
Masters, expenses of.
Medical examinations of ship personnel.
Payroll expense.
Pianos, tuning.
Postage and posties.
Rental of motion picture reels.
Rental of radio equipment.
Rental of submarine signal apparatus.
Seaworthy certificate.
Stationery and printing.
Steam furnished.
Taxi hire.

NOTE: When vessels are laid up in inactive service, such expenses shall be charged to account 433, "Lay-up expenses."

429 Outside towing expenses.

This account shall include amounts paid to others for towing services performed for the carrier by line vessels of others not under charter.

430 Wharfage and dockage.

This account shall include expenditures for the privilege of using docks, wharves, piers, trestles, or floats belonging to others, for loading and discharging cargo, and for mooring vessels in line service.

This account may be subdivided in order to allocate wharfage and dockage expenses between those incurred for boats and those incurred for barges.

NOTE A: Tollage charge assessed on cargo on a per ton basis for the privilege of han-

dling freight over docks is chargeable to account 443, "Stevedoring."

NOTE B: When vessels are laid up in inactive service, the expenditures for wharfage and dockage incurred by such vessels during such period shall be charged to account 433, "Lay-up expenses."

431 Port expenses.

This account shall include expenses and charges incident to port service of vessels in line service.

LIST OF CHARGES

Anchorage dues.
Bridges, opening.
Brokerage, customs.
Buoy hire.
Cargo dues.
Certificates, loading and discharging.
Chamber of Commerce dues.
Clearance dues and fees.
Consular fees and tonnage charges.
Customhouse dues.
Customs house, overtime.
Entry dues and fees.
Fumigation.
Handling lines.
Harbor dues.
Health office dues and fees.
Lighthouse dues.
Mooring and unmooring.
Packet privileges.
Permit for loading and discharging.
Pilotage.
Port dues and taxes.
Quarantine expenses.
Running lines.
Sanitary dues.
Shifting vessels.
Stamp for manifests.
Stamp tax and stamp paper.
Tonnage dues.
Towage.
Tug operation or hire.
Watching vessel.

NOTE: When vessels are laid up in inactive service, the expenses incident to port service shall be charged to account 433, "Lay-up expenses."

432 Agency fees and commissions.

This account shall include amounts payable as fees, commissions, and brokerage to outside agents as sub-agents appointed to look after the carrier's operations and who are compensated on the basis of an allowance or charge for agency or attendance fee.

NOTE: The agency fees paid agents engaged exclusively in canvassing and soliciting traffic shall be included in account 457, "Outside traffic agencies."

433 Lay-up expenses.

This account shall include the pay of crews while not engaged in repairs of vessels which are laid up in inactive service, including the cost of fuel, food, stores, supplies, and equipment; port expenses, wharfage, dockage, and other expenses.

NOTE A: When vessels are laid up in inactive service undergoing repairs, the pay of crews while actually engaged in making repairs shall be charged to the repair account.

NOTE B: Expenses of vessels in an inactive status, for a limited number of days or awaiting cargo, etc., shall be charged to appropriate line-service accounts.

TERMINAL SERVICE

441 Supervision.

This account shall include the pay of department heads and their assistants in charge of or engaged in the operation of terminals, and their clerks and at-

tendants, including office and other expenses of employees whose pay is chargeable to this account.

ITEMS OF EXPENSE AND SUPPLIES

Books.
Business-auto service.
Directories.
Express charges.
Fees and dues in associations having a direct or immediate relation to the operation of equipment in terminal service.
Heat.
Ice.
Light.
Maps.
Membership in associations.
Newspapers.
Periodicals.
Photographs.
Supplies for cleaning.
Telegraph and telephone.
Traveling expenses.
Wireless service.

NOTE: Where department heads have direct supervision over other operating departments, their pay and expenses and the pay of their employees shall be apportioned equitably among the departments over which they have supervision.

442 Agents.

This account shall include the pay of agents, clerks and attendants and other agency employees, and the office and other expenses of those engaged in operating stations, wharves, and docks.

OFFICE EMPLOYEES

Accountants.
Agents.
Assistant agents.
Baggage men.
Bookkeepers.
Cashiers.
Charwomen.
Clerks.
Collectors.
Comptometer operators.
Messengers.
Porters.
Stenographers.
Telephone operators.
Tellers.
Ticket agents.
Typists.

WHARF EMPLOYEES

(When not chargeable to account 443, "Stevedoring.")

Cleaners.
Clerks.
Gatemens.
Roundsmen.
Timekeepers.
Warehouse foremen.
Watchmen.

ITEMS OF EXPENSE AND SUPPLIES

Advertising for help.
Books.
Brooms and brushes.
Business-auto service.
Changing combination of safes.
Cleaning offices.
Cleaning supplies.
Directories.
Express charges.
Heat.
Ice.
Light.
Licenses of ticket agents.
Maps.
Membership in associations.
Messenger service.
Newspapers and periodicals.
Office supplies.
Polish.
Telephone and telegraph.
Traveling expenses.
Uniforms for employees.
Weighing and inspection bureaus.

443 Stevedoring.

This account shall include the following:

(a) The pay of stevedores, foremen, and longshoremen, engaged in:

1. Loading, stowing, or unloading cargoes of vessels.
2. Breaking down piles on docks and loading trucks for trucking to vessels.
3. Breaking down cargoes in vessels and loading trucks for discharging cargoes.
4. Loading and discharging baggage, express, and mail.
5. Trucking from dock, lighters or cars to vessels or from vessels to dock, lighters, or cars.
6. Rigging and unrigging gear.
7. Operating escalators or conveyors.
8. Opening holds, placing skids, and nets.
9. Closing holds, taking in skids, nets, etc.
10. Piling or trucking cargo discharged from vessels.
11. Winchmen, switchmen, and routers.
12. Installation of cargo battens, cargo trimmers, cattle fittings, grain fittings, shifting boards and dunnage, and heading cotton.
13. Loading and discharging lighters direct to and from vessels.

(b) The pay of laborers and clerks engaged in:

1. Receiving, delivering, checking, tallying, measuring, and weighing cargo.
2. Stenciling and marking cargo.
3. Coopering cargo.
4. Sorting cargo.
5. Tying cargo received for shipment and high piling of discharged cargo.
6. Loading and unloading and sealing freight cars when performed by carrier.
7. Cleaning holds and tanks for reception of cargo.
8. Shifting cargo on docks and watching cargo.
9. Tollage charges assessed on cargo on a per ton basis for the privilege of handling freight over docks.

(c) Hire of cranes, derricks, stevedore gear and equipment, including cargo slings, hatch bridles, save-alls, tarpaulins, hatch tents, and heavy lift charges.

(d) Transportation, traveling time, and feeding of stevedores and longshoremen; demurrage on lighters awaiting cargoes or transfers; landing charges and collections; and shifting barges and lighters at terminals.

(e) Inspection of fruit, vegetables, cotton, grain, etc.

(f) Barrel hoops, staves, heads, and metal strips; cooperage supplies and material, crayon and chalk for marking; lumber for coopering; material for packing and tagging freight; hardware, sawdust, burlap, and shaving; and seals for cars.

(g) Cost of gasoline and other fuel used in operating wharf equipment.

(h) This account shall also include amounts paid to others covering the cost of labor, material, and hire of equipment in the checking, receiving, loading, and unloading of vessels including Federal old-age pensions and unemployment compensation taxes. Such expense paid to others shall be kept in a separate sub-account from amounts expended by the carrier for labor and supplies.

444 Precooling and cold-storage operations.

This account shall include all expenses in connection with the operation of plants for precooling and cold storage

of freight shipments. It shall include the pay and expenses of engineers, mechanics, and other employees, and the cost of fuel, lubricants, electric power, salt, and other supplies consumed in the operation of the plants.

445 Light, heat, power, and water.

This account shall include the expenses of light, heat, power, and water used in operations, except as otherwise provided for, whether produced by the carrier or purchased from others.

446 Stationery and printing.

This account shall include the cost of all stationery, stationery supplies, printing, books, and blank forms used in connection with the operation of terminals, including capacity plans, cargo plans, stowage plans, waybills, tickets, baggage checks, bills of lading, etc.

For list of items see account 466, "Stationery and printing."

447 Tug operations.

This account shall include all expenses in connection with the operation of tugs employed in transfer service, including expenses in connection with the operation of lighters and other similar floating equipment employed in such service and engaged in handling, loading, transporting and discharging lightered cargo when not incurred in connection with line service operations.

NOTE: When tug operations are incurred in connection with line service operations, they shall be charged to account 431, "Port expenses."

448 Operation of highway vehicles.

This account shall include expenses incurred in the operation of highway vehicles in connection with the transportation of passengers, freight, express, or mail in connection with handling cargo or passengers in loading and unloading vessels.

ITEMS OF EXPENSE

Bridge and tunnel charges.
Ferriage.
Fuel.
Garage supplies and expenses.
Gasoline.
Labor cleaning and preparing equipment for service.
Loading or unloading vehicles.
Lubricants.
Medicine.
Pay of operators and helpers, including the time held for duty.
Water and other supplies.

NOTE: Operating expenses incurred by the carrier in transporting passengers, freight, express, and mail by highway vehicles operated in addition to or in lieu of performing line service by vessels shall be included in account 491, "Motor-carrier expenses."

449 Local transfers.

This account shall include amounts expended for transfer service in connection with the transportation of passengers, freight, express, or mail by others when such payments are not includible in account 301, "Freight revenue."

450 Other terminal operations.

This account shall include all expenses incident to operation of terminal for which no other account is provided.

TRAFFIC EXPENSES**456 Supervision.**

This account shall include the pay of department heads and their employees in charge of or engaged in supervising the soliciting and advertising of traffic; also the office, traveling, and other expenses of employees whose pay is includible in this account.

ITEMS OF EXPENSE AND SUPPLIES

Books.
Business-auto service.
Cleaning supplies.
Directories.
Heat.
Ice.
Light.
Maps.
Newspapers.
Periodicals.
Stationery and printing.
Telegraph and telephone.
Traveling expenses.

NOTE A: The pay and expenses of commercial, city, district, and other agents, their clerks, and attendants engaged exclusively in canvassing and soliciting traffic shall be charged to account 457, "Outside traffic agencies."

NOTE B: When department heads have direct supervision over other operating departments, their pay and expenses, and the pay and expenses of their employees shall be apportioned equitably among the departments over which they have supervision.

457 Outside traffic agencies.

This account shall include the pay of commercial, city, district, and other agents engaged exclusively in canvassing and soliciting traffic; employees of their offices, traveling solicitors; and the cost of supplies, office, traveling, and other expenses of employees whose pay is included in this account.

Commissions paid to tourist agents and other companies for securing passengers, commissions and brokerage paid others for securing freight traffic, and fees paid outside agents engaged exclusively in canvassing and soliciting traffic shall also be included in this account.

458 Advertising.

This account shall include the pay and expenses of employees in connection with advertising for the purpose of increasing traffic, including expenses incurred in the preparation, printing, and distribution of advertising matter.

This account shall also include commissions paid outside advertising agents or firms.

NOTE: Amounts received from the sale of advertising space in timetable folders, shall be credited to account 834, "Miscellaneous operating revenue."

459 Other traffic expenses.

This account shall include expenses in connection with securing traffic not properly chargeable to other traffic accounts, including the cost of printing freight and passenger tariffs, classifications, and division sheets.

GENERAL EXPENSES**461 General officers and clerks.**

This account shall include the pay of general officers not otherwise provided for and their assistants, clerks and at-

tendants, including salaries and fees of receivers and traveling and other expenses of such employees.

LIST OF OFFICERS

Auditor.
Auditor of Disbursements.
Auditor of Revenue.
Chairman of the Board.
Comptroller.
Executive Committee.
General Accountant.
General Auditor.
General Manager.
Local Treasurer.
President.
Purchasing Agent.
Receiver.
Secretary.
Transfer Agent.
Treasurer.
Vice-president.

LIST OF EMPLOYEES

Accountants.
Bookkeepers.
Cashiers.
Charwomen.
Chief accountants.
Cleaners.
Clerks.
Comptometer operators.
Elevator operators.
Janitors.
Key-punch operators.
Machine operators.
Messengers.
Paymasters.
Porters.
Secretaries of officers.
Statisticians.
Stenographers.
Telephone operators.
Traveling accountants.
Traveling auditors.
Typists.
Watchmen.

462 General office supplies and expenses.

This account shall include the office expenses of general officers, their clerks, and attendants.

ITEMS OF EXPENSE AND SUPPLIES

Atlases.
Books.
Brushes.
Brooms.
Cable tolls.
Changing combination on safes.
Cleaning offices.
Cloth towels.
Directories.
Express charges.
Fee for transportation of cash.
Heat.
Laundering.
Light.
Local messenger service.
Maps.
Paper drinking cups and towels.
Periodicals and newspapers.
Radio service.
Rent of general offices.
Repairs of rented general offices.
Reports of commercial standings.
Safety deposit box rent.
Tabulating machine rent.
Telegraph service.
Telephone service.
Uniforms and caps for porters, janitors, and watchmen.
Water.
Watchman service.

463 Law expenses.

This account shall include the pay of officers in charge of the law department; of solicitors and attorneys, their clerks

and attendants; and fees and retainers for services of attorneys not regular employees of the carrier; also office and traveling expenses of such officers and of their clerks; cost of lawbooks, printing briefs, legal forms, testimony and reports. It shall also include cost of suits and payments of special fees, notarial and witness fees not provided for in other accounts; fees paid arbitrators for settlement of disputed questions, and law and court expenses not provided for elsewhere.

OFFICERS AND EMPLOYEES

Attorney.
Clerks.
Counsel.
General attorney.
General counsel.
General solicitor.
Law agent.
Law clerk.
Librarian.
Office and staff forces.
Patent attorney.
Solicitor.
Special counsel.
Tax attorney.

ITEMS OF EXPENSE AND SUPPLIES

Agreements, briefs, contracts, legal forms, and reports, cost of preparing and printing.
Arbitrator's services in settlement of disputed questions.
Collecting revenue and other accounts, law expense in connection with.
Cost of taking depositions.
Cost of testimony.
Cost of suits.
Court bonds.
Court expenses.
Drawing and recording agreements.
Fees and retainers of attorneys (not regular employees).
Law books.
Legal forms.
Legal reports.
Membership fees and dues in law associations.
Notarial fees not provided for elsewhere.
Office expenses.
Special fees.
Telegraph services.
Telephone services.
Witness fees not provided for elsewhere.

464 Management commissions.

This account shall include amounts payable as commissions and fees to other concerns acting for the carrier in supervising and managing its operations, in instances where the carrier does not maintain an operating organization.

NOTE: The customary agency fees, commissions, and brokerage paid general and sub-agents at outposts shall not be included in this account.

465 Pensions and relief.

(a) *Pensions.* This account shall include pensions or gratuities paid out of the carrier's funds to retired employees or the heirs of former employees and the expenses incurred solely in connection therewith.

(b) *Relief.* It shall include premiums on policies under which employees are insured, and they or their heirs are the beneficiaries, and also expenses incurred and amounts contributed toward funds or other provisions for the relief of employees.

NOTE: If, under a contractual pension plan which definitely established the payment, of

specific pensions to employees regularly retired for superannuation or disability, the carrier elects to set aside in an irrevocable trust fund each month amounts, determined through the application of equitable actuarial factors to the current payrolls, which, together with interest accruals thereon, will, as nearly as may be, meet its liabilities for the payment of pensions or for the purchase of annuities for employees upon their retirement, it shall concurrently charge to this account and credit to account 222, "Pension and welfare," amounts equal to those set aside in the trust fund. The carrier shall maintain a complete record of the actuarial computations through which the accrual each month of its pension liabilities is established.

Before adopting the accrual plan of accounting for pensions, the carrier shall inform the Commission of complete details of its pension plan, giving full statement of the facts which in its judgment establish an irrevocable contractual obligation for pension payments, together with actuarial formula under which it proposes to create its pension fund.

No charge to this account shall be made in anticipation of discretionary pension payments in the future.

466 Stationery and printing.

This account shall include the cost of stationery, office supplies, passes, printing, tabulating cards, books, and blank forms, including contracts, leases, and stationery and printing of law department not provided for elsewhere, except cost of law books and the cost of printing briefs, legal forms, testimony and reports for the law department.

STATIONERY AND PRINTING ITEMS

Arm rests.
Baskets, letter.
Binders.
Blank books.
Blotters.
Blueprint paper.
Calendars.
Carbon paper.
Cardboard.
Card, blank and printed.
Circulars.
Clips, paper.
Computing tables.
Copy (impression) books.
Copying brushes.
Copying cloths.
Crayons.
Cross-section books.
Cross-section paper.
Dating stamps and ribbons.
Desk baskets.
Desk trays.
Drawing paper.
Electrotypes.
Envelopes.
Erasers.
Eyelet punches.
Eyelets.
Fasteners.
Filing cases.
Forms, blank and printed.
Glue.
Indexes.
Ink.
Inkstands.
Invoice books.
Lease blanks.
Ledgers.
Legal-cap paper.
Letter paper.
Letter presses.
Manifold paper.
Manifold pens.
Mending tissue.
Mucilage.
Mucilage brushes.
Notebooks.

Note paper.
 Notice blanks.
 Oil paper.
 Order blanks.
 Pads, blank and ruled paper.
 Pad, ink.
 Paper.
 Paper baskets.
 Paper clips.
 Paper cutters.
 Paper fasteners.
 Paper files.
 Paperweights.
 Paper, writing.
 Pass forms.
 Paste.
 Pay checks.
 Pencil sharpeners.
 Pencils.
 Penholders.
 Penracks.
 Pens.
 Perforators.
 Pins.
 Postage.
 Profile books and paper.
 Punches.
 Ribbons.
 Rubber bands.
 Rubber stamps.
 Rulers.
 Ruling pens.
 Scissors.
 Scrapbooks.
 Sealing wax.
 Seals.
 Shears.
 Shipping tags.
 Sponge cups.
 Sponges.
 Stamps, impression.
 Tablets, blank and printed.
 Tacks, thumb.
 Tags.
 Tape.
 Telegraph blanks.
 Tickets, time.
 Tissue (impression) paper.
 Tracing cloth.
 Tracing paper.
 Twine.
 Typewriter ribbons.
 Wage tables.
 Wastebaskets.
 Water colors.
 Wrapping paper.
 Wringers, copying press.

NOTE: The cost of dictionaries, periodicals, and technical books shall be charged to the appropriate supervision account. The cost of law books, etc., shall be charged to account 463, "Law expenses."

467 Other expenses.

This account shall include expenses of a general nature not properly chargeable to other general accounts.

ITEMS OF EXPENSE

Annual audits or investigations.
 Annual reports, printing and publishing.
 Association membership fees and dues.
 Bank charges for services.
 Contributions.
 Corporate and fiscal notices of general character.
 Cost of valuations and appraisals.
 Donations to local fire departments.
 Donations to YMCA and similar institutions.
 Election of directors.
 Exchange, domestic, on checks cashed or deposited and drafts bought.
 Fees and expenses paid directors.
 Fees paid for collection of insured loss.
 Loss by fire or burglary of funds, or from defalcation of employees when not recoverable from insurance.
 Loss from acceptance of counterfeit money.
 Notice of dividends.

Pay to former employees separated from service.

Premiums paid less cash surrender value of insurance on lives of officers when carrier is the beneficiary.

Stockholders' meetings.

CASUALTIES AND INSURANCE

471 Supervision.

This account shall include the pay, traveling and other expenses of the departmental heads and their employees in charge of or engaged in the supervision, adjustment, investigation and settlement of claims for loss and damage to cargo and baggage, damage to property, and injuries to persons.

NOTE: Legal expenses of conducting suits or settling claims arising in connection with insurance coverage shall be charged to the appropriate insurance accounts.

472 Baggage insurance and losses.

(a) This account shall include insurance premiums paid to insure against amounts payable for loss, damage, delays, or destruction of baggage and other personal property as well as amounts payable when not recoverable through insurance or from other carriers; also pay and expenses of adjusters of baggage claims or while engaged as witnesses in lawsuits.

(b) This account shall be credited with the net amount received from the sale of unclaimed or damaged baggage.

473 Hull insurance and damage.

This account shall include the cost of insurance to protect the carrier against loss or damage sustained in the operation of floating equipment in line service or terminal service due to marine accidents, perils of the sea, fire and other losses covered by usual hull insurance policies.

This account also shall include the cost of repairs to floating equipment arising from such causes borne by the carrier under the deductible provisions of insurance policies or otherwise not collectible from underwriters or others. The account may be charged each month with an amount estimated to be sufficient to meet the probable liability for deductibles or the carrier's proportion of self-carried risks with concurrent credit to account 221, "Insurance reserves," and this latter account shall be charged when the liability is determined. Amounts recovered from underwriters or others less expenses in connection with such recovery shall be credited to this account or to account 221, "Insurance reserves," as appropriate.

474 Cargo insurance, loss and damage.

This account shall include the cost of insurance to protect the carrier against loss and damage to cargo.

This account also shall include amounts payable for loss, damage, delay, or destruction of freight shipments not recoverable through insurance or from other carriers. The account shall include uncollectible freight charges payable on lost, damaged, or refused shipments, and costs of repacking and boxing damaged freight. The account may be charged monthly with an amount estimated to be sufficient to meet the prob-

able liability for freight claims with concurrent credit to account 221, "Insurance reserves," and this latter account shall be cleared when liability is determined. Amounts receivable from the sale of refused, unclaimed and damaged freight shall be credited to this account or to account 221, "Insurance reserves," as appropriate.

475 Liability insurance and losses, marine operations.

This account shall include the cost of insurance to protect the carrier against losses resulting from injury and illness of crew and passengers on its vessels, crew repatriation, damage to property of others caused by carrier's vessels, and other losses covered by protection and indemnity or other marine liability insurance policies, as well as penalties imposed by governmental authorities.

This account shall also include (1) amounts payable by the carrier for damage to or destruction of property owned by others, but excepting freight and baggage entrusted to the company for transportation, and (2) payments and expenses connected with injuries or death of persons and employees which occur in connection with marine operations in performing transportation service when such payments and expenses are borne by the carrier under the deductible provisions of insurance policies or not otherwise collectible from underwriters or others. The account may be charged each month with an amount estimated to be sufficient to meet probable liability for personal injuries and property damage claims arising from marine operations with concurrent credit to account 221, "Insurance reserves," and this latter account shall be cleared when liability is determined.

476 Liability insurance and losses, non-marine operations.

This account shall include the cost of insurance to protect the carrier against liability for claims of employees who are employed on shore such as stevedores, shop employees, fleet employees, general and branch office employees ordinarily covered by workmen's compensation insurance, and cost of insurance to protect the carrier against claims arising from public liability in connection with shore operations.

This account also shall include (1) amounts payable by the carrier for damage, arising from shore operations, to or destruction of property owned by others, but excepting freight or baggage entrusted to the company for transportation, and (2) payments and expenses connected with injuries or death of persons and employees which occur in connection with shore operations where such payments and expenses are borne by the carrier under the deductible provisions of insurance policies or otherwise not collectible from underwriters or others. The account may be charged each month with an amount estimated to be sufficient to meet the probable liability for personal injury and property damage claims arising from shore operations with concurrent credit to account 221, "Insurance reserves," and this latter account

shall be cleared when liability is determined.

This account shall include expenses of consultants, witnesses in connection with personal injury claims, payments to hospitals and payments to physicians, surgeons, and nurses attending injured shore employees or other persons injured in shore operations.

477 Other insurance.

This account shall include the cost of insurance to protect the carrier against loss or damage not provided elsewhere, such as fire, theft, collision, public liability and property damage insurance on motor vehicles; fire insurance on structures, machinery, and equipment; and burglar, fidelity, and holdup insurance, including any payments and expenses borne by the carrier under the deductible provisions of such insurance policies or otherwise not collectible from underwriters or others.

OPERATING RENTS

481 Charter rents—Transportation property.

(a) This account shall include the rent payable by the carrier under contract for the charter of vessels (when the amount payable as charter rent is not dependent upon the commodities and volume of freight transported), such as bare boat or time charters.

(b) The carrier shall include the rent payable under the contract in this account, and shall include in other appropriate operating expense accounts additional expenses incurred by it in operating vessels chartered from others.

483 Other operating rents.

This account shall include, when not provided for elsewhere, rents payable for the use of land, structures, terminal facilities, and equipment used for transportation purposes.

OPERATING TAXES

485 Pay-roll taxes.

This account shall include old-age benefit, unemployment compensation, social security, and other similar taxes that are computed on basis of the pay-rolls.

486 Water-line tax accruals.

(a) This account shall include provisions for Federal, capital stock, state, county, municipal and other taxing district taxes (excluding income and excess profit taxes) applicable to the period for which the income account is stated. Taxes accruing prior to their payment shall be credited to account 206, "Accrued taxes."

(b) This account shall be kept in such a manner as to show the amount of each class of taxes.

(c) This account shall include:

(1) Taxes on earnings or income when in lieu of taxes on transportation property.

(2) Taxes on franchises or privileges of conducting transportation operations.

NOTE A: Taxes on other than transportation operations or property shall be charged to account 523, "Expenses of noncarrier operations." When taxes are levied so that the amount applicable to each class of property

is not definitely stated, the total amount of the levy shall be apportioned on an equitable basis.

NOTE B: Special assessments for street and other improvements, and special benefit taxes, such as water taxes and the like, shall be included in operating expenses.

NOTE C: Discount allowed for prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

NOTE D: Interest and penalties on tax assessments shall be charged to account 529, "Interest on unfunded debt."

NOTE E: Taxes on interest on carrier's long-term debt paid at the source under tax-free covenants shall be charged to account 527, "Miscellaneous income charges."

NOTE F: Where sales or other taxes are assessed as part of the cost of tangible personal property, they shall be included in the cost of the property purchased.

NOTE G: Taxes assessed against carriers for electric energy, telegraph, telephone, radio, cable messages, checks, and safe-deposit boxes, social security taxes, and motor vehicle drivers' licenses shall be included in operating expenses.

NOTE H: Taxes collected which are payable to governmental agencies shall be included in account 202, "Accounts payable."

MOTOR CARRIER OPERATIONS

491 Motor-carrier expenses.

(a) This account shall include the operating expenses incurred by the carrier

in transporting passengers, freight, express, and mail by motor vehicles operated in highway service, in addition to or in lieu of services performed by line vessels.

(b) The carrier shall maintain the primary operating-expense accounts prescribed by the Commission in the uniform systems of accounts for motor carriers of property and persons.

495 Interdepartmental debits.

If a carrier so elects, this account may include amounts which are debited to appropriate primary operating-expense accounts and concurrently credited to appropriate primary revenue accounts representing interdepartmental items in connection with the operation of the carrier's terminal facilities while used by its own vessels in its own service.

The carriers shall maintain subaccounts corresponding to the primary operating-expense accounts to which such debits shall be first allocated, and after closing the accounts the amounts in these subaccounts shall be transferred to this account. In preparing and rendering reports to this Commission, the amount in this account shall be omitted.

Small Carriers

CONDENSED EXPENSE ACCOUNTS FOR SMALL CARRIERS

Accounts To Be Kept by Class A Companies

I. Maintenance Expenses

- 401. Supervision.
- 402. Repairs of floating equipment.
- 404. Repairs of buildings and other structures.
- 405. Repairs of office and terminal equipment.
- 406. Repairs of highway equipment.
- 407. Shop expenses.
- 408. Other maintenance expenses.

II. Depreciation and Amortization

- 411. Depreciation—Transportation property.
- 413. Amortization of investment—Leased property.

III. Transportation Expenses

A. Line Service

- 421. Supervision.
- 422. Wages of crews.
- 423. Fuel.
- 424. Lubricants and water.
- 425. Food supplies.
- 426. Stores, supplies, and equipment.
- 427. Buffet supplies.
- 428. Other vessel expenses.
- 429. Outside towing expenses.
- 430. Wharfage and dockage.
- 431. Port expenses.
- 432. Agency fees and commissions.
- 433. Lay-up expenses.

B. Terminal Service

- 441. Supervision.
- 442. Agents.
- 443. Stevedoring.
- 444. Precooling and cold-storage operations.
- 445. Light, heat, power, and water.
- 446. Stationery and printing.
- 447. Tug operations.
- 448. Operation of highway vehicles.
- 449. Local transfers.
- 450. Other terminal operations.

IV. Traffic Expenses

- 456. Supervision.
- 457. Outside traffic agencies.
- 458. Advertising.
- 459. Other traffic expenses.

Accounts To Be Kept by Class B Companies

I. Maintenance Expenses

- 401. Maintenance of vessels and other property.

II. Depreciation and Amortization

- 411. Depreciation and amortization.

III. Transportation Expenses

A. Line Service

- 421. Operation of vessels.

- 433. Lay-up expenses.

B. Terminal Service

- 441. Terminal expenses.

IV. Traffic Expenses

- 456. Traffic expenses.

Small Carriers—Continued**CONDENSED EXPENSE ACCOUNTS FOR SMALL CARRIERS—Continued***Accounts To Be Kept by Class A Companies* *Accounts To Be Kept by Class B Companies***V. General Expenses**

- 461. General officers and clerks.
- 462. General office supplies and expenses.
- 463. Law expenses.
- 464. Management commissions.
- 465. Pensions and relief.
- 466. Stationery and printing.
- 467. Other expenses.

VI. Casualties and Insurance

- 471. Supervision.
- 472. Baggage insurance and losses.
- 473. Hull insurance and damage.
- 474. Cargo insurance, loss and damage.
- 475. Liability insurance and losses, marine operations.
- 476. Liability insurance and losses, non-marine operations.
- 477. Other insurance.

VII. Operating Rents

- 481. Charter rents—Transportation of property.
- 483. Other operating rents.

VIII. Operating Taxes

- 485. Payroll taxes.
- 486. Water-line tax accruals.

IX. Motor-Carrier Operations

- 491. Motor-carrier expenses.

V. General Expenses

- 461. General expenses.

VI. Casualties and Insurance

- 471. Casualties and insurance.

VII. Operating Rents

- 481. Charter and other rents.

VIII. Operating Taxes

- 485. Payroll and other water-line tax accruals.

IX. Motor-Carrier Operations

- 491. Motor-carrier expenses.

OTHER INCOME**500 Other income.**

This account shall include the net of all items of income, other than revenues from water-line operations, and all items of income deductions, other than expenses incurred in water-line operations, as both such income and income deductions are detailed in primary income accounts number 502 to 532, both inclusive.

CREDIT ACCOUNTS**502 Income from noncarrier operations.**

This account shall include the income derived from noncarrier physical property and also from noncarrier physical property leased from others.

503 Dividend income.

(a) This account shall include dividends declared on stocks of other companies whether such stocks are owned by the carrier and held in its treasury, or deposited in trust, or controlled through lease or otherwise.

(b) Dividends may be credited prior to actual collection if their payment is reasonably assured by past experience, guaranty, anticipated provisions, or otherwise.

NOTE A: Dividends on stocks of other companies held in sinking or other special funds shall be credited to account 505, "Income from sinking and other special funds."

NOTE B: This account shall not include credits for dividends on stocks issued or assumed by the carrier, whether held in the treasury, in sinking or other reserve funds, or pledged as collateral.

504 Interest income.

(a) This account shall include the interest on securities and debenture stock of other companies, whether such securities are owned by it and held in its treasury or deposited in trust, or controlled through lease or otherwise. It shall in-

clude also interest on bank balances, certificates of deposit, open accounts, and other analogous items. Interest shall not be credited before actual collection unless its payment is reasonably assured.

(b) There may be included in this account for each fiscal period the applicable amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities owned, the income from which is includible in this account. Amounts thus credited or charged shall be concurrently included in the accounts in which the investment in the securities is carried. Any discount or premium remaining unextinguished upon the maturity and satisfaction of such securities shall be cleared to retained income.

NOTE A: Interest on securities of other companies, held in sinking or other special funds shall be included in account 505, "Income from sinking and other special funds."

NOTE B: Discount on bills for material purchased shall operate to reduce the cost of the material.

NOTE C: This account shall not include interest on securities issued or assumed by the carrier whether held in the treasury, in sinking or other funds or pledged as collateral.

505 Income from sinking and other special funds.

(a) This account shall include the income accrued on cash, securities of other companies, and other assets (not including securities issued or assumed by the carrier) held in sinking and other special funds.

(b) There may be included in the accounts for each fiscal period the applicable amount requisite to extinguish during the interval between the date of acquisition and the date of maturity the discount or premium on funded securities of other companies held in sinking or other reserve funds. Amounts thus

credited or charged shall be concurrently charged or credited to the accounts in which the book cost of the securities is included.

NOTE A: Credits to this account representing income from special funds (retainable in them) shall be concurrently charged to account 286, "Miscellaneous reservations of retained income," and credited to account 260, "Retained income—Appropriated."

NOTE B: No dividends or interest on securities issued or assumed by the carrier shall be credited to this account.

506 Release of premium on long-term debt.

This account shall include during each fiscal period such proportion of the premiums on outstanding long-term debt as is applicable to that period.

507 Miscellaneous income.

This account shall include items not provided for elsewhere properly creditable to income during the fiscal period.

ITEMS

1. Profits derived from conversion of money of a foreign country into United States money.

2. Fees collected in connection with the exchange of coupon bonds for registered bonds.

3. Profits from sale of temporary cash investments.

4. Proceeds from the sale of mineral deposits in excess of the cost thereof including cost of recovery.

508 Profits from sale or disposition of property.

This account shall include profits realized from the sale or other disposition of carrier or noncarrier property. The amount includible in this account is the net proceeds or salvage realized or recovered in excess of the net book value (book cost less recorded depreciation). The account shall also include insurance proceeds in excess of net book value. (See account 282, "Profits from unusual sales of property.")

DEBIT ACCOUNTS**523 Expenses of noncarrier operations.**

This account shall include the expenses (including depreciation, taxes, rent, and insurance) of maintaining and operating noncarrier physical property; also of noncarrier physical property leased from others. The rental for such property and directly assignable organization or administration expenses incident to investment in noncarrier physical property shall be included in this account.

524 Uncollectible accounts.

This account shall be charged each month with amounts estimated as the loss from uncollectible accounts. Concurrently, credits shall be made to account 109, "Reserve for doubtful accounts," which latter account shall be charged with amounts determined to be uncollectible and credited with amounts written off and subsequently collected. The estimates shall be adjusted at the end of the calendar year to conform to the experience of the carrier as determined by an analysis of its accounts. This account shall also be charged with amounts determined to be uncollectible when no reserves are provided for doubtful accounts.

525 Losses from sale or disposition of property.

This account shall include losses sustained from the sale or other disposition of carrier or noncarrier property. The amount includible in this account is the deficiency between the net proceeds, insurance, or salvage realized or recovered and the net book value (book cost less recorded depreciation). See account 284, "Losses from unusual sales of property."

526 Maintenance of investment organization.

This account shall include the directly assignable organization and administration expenses of a lessor company which are incident to its investment in water-line property leased to others, and in stocks, bonds, or other securities.

NOTE: Organization and administration expenses incident to operations are provided for in operating expenses.

527 Miscellaneous income charges.

This account shall include items not provided for elsewhere properly chargeable to income.

ITEMS OF EXPENSE

1. Calls for bids in accordance with provisions of mortgages.
2. Cost of advertising bonds drawn for redemption.
3. Losses due to conversion of money of a foreign country into United States money.
4. Premiums on bonds to assure performance of agreements when chargeable to income accounts.
5. Taxes on interest on carrier's funded debt paid at the source under tax-free covenants.
6. Trusts, current expenses of maintaining and administering.
7. Trustee's commissions and fees for paying out bond interest and expenses including registrars' fees connected with such payments.

528 Interest on funded debt.

This account shall include current accruals of interest on all classes of debt the principal of which is includible in long-term debt.

NOTE A: This account shall not include charges for interest on funded-debt obligations issued or assumed by the carrier and owned by it.

NOTE B: Interest provided for in the face amount of securities issued in the acquisition of equipment or other property shall be charged at the time of issuance to account 114, "Prepayments," and cleared to this account as the interest accrues.

NOTE C: Interest on matured debt shall be included in account 529, "Interest on unfunded debt."

529 Interest on unfunded debt.

(a) This account shall include current accruals of interest payable, except that chargeable to account 528, "Interest on funded debt." Discount and expense on short-term notes shall be charged to this account.

(b) A list of representative items follows:

ITEMS

1. Advances other than investment advances from affiliated companies.
2. Bond coupons, matured and unpaid.
3. Claims and judgments.

4. Long-term debt matured.
5. Open accounts (other than those includible in account 213, "Affiliated companies—Advances payable").
6. Short-term notes payable on demand or having maturity dates one year or less from date of issue.
7. Tax assessments, past due.

530 Amortization of discount on long-term debt.

This account shall include during each fiscal period such proportion of the discount and expenses on outstanding long-term debt as is applicable to that period.

532 Income taxes.

This account shall include accruals for Federal and State income taxes, when not in lieu of a property tax, payable on amounts includible in the carrier's income accounts.

NOTE: Federal income tax charges or credits attributable to items of taxable income or deductions from taxable income, recorded directly in retained income accounts, shall be included in account 288, "Federal income taxes assigned to retained income."

Income Statement

FORM OF INCOME STATEMENT

The classified form of income statement is designed to show the net income or loss from water-line transportation operations and from other sources during any specified period. As of the end of the calendar year, all accounts enumerated in the following statement shall be closed and the net balance transferred to retained income.

I. Water-line operating income:	
300. Water-line operating revenues.....	\$-----
400. Water-line operating expenses.....	-----
Net revenue from water-line operations ¹	\$-----
II. Other income:	
502. Income from noncarrier operations.....	-----
503. Dividend income.....	-----
504. Interest income.....	-----
505. Income from sinking and other special funds.....	-----
506. Release of premium on long-term debt.....	-----
507. Miscellaneous income.....	-----
508. Profits from sale or disposition of property.....	-----
Total other income.....	-----
Total income ¹	-----
III. Miscellaneous deductions from income:	
523. Expenses of noncarrier operations.....	-----
524. Uncollectible accounts.....	-----
525. Losses from sale or disposition of property.....	-----
526. Maintenance of investment organization.....	-----
527. Miscellaneous income charges.....	-----
Total income deductions.....	-----
Net income before fixed charges ¹	-----
IV. Fixed charges:	
528. Interest on funded debt.....	-----
529. Interest on unfunded debt.....	-----
530. Amortization of discount on long-term debt.....	-----
Total fixed charges.....	-----
Net income before provision for income taxes ¹	-----
V. Provision for income taxes:	
532. Income taxes.....	-----
Net income after income taxes ¹	\$=====

¹ If a loss, show the amount in red.

Clearing Account

601 Material and stores expenses.

(a) This account shall include the cost of supervision, labor, material, and other expenses incurred in the operation of storehouses, including stationery stores. The charges shall include the cost of storing, handling, and distributing materials, supplies, and stationery.

(b) Cash discount shall be credited hereto when such discount cannot be applied to the cost of particular classes of material.

(c) This account shall be cleared by adding to the cost of material and supplies a suitable loading charge which will distribute the charges equitably over the store issues.

LIST OF CHARGES

Adjustment of stock inventories when not assignable to specific classes of material.
Books and stationery supplies.
Building service.
Collecting and handling scrap material in stores.

Communication service.
Discount on purchases when not assignable to specific classes of material.
Freight, express and drayage, including vehicle and service equipment expenses when not assignable to specific classes of material.
Inspecting and testing material and supplies when not assignable to specific classes of material.
Losses due to breakage, leakage, evaporation, fire, or other causes. Credit amounts received from insurers, transportation companies, and others to reduce such losses.
Pay and expenses of storekeepers, clerks, laborers, and others engaged in storing, handling, and distributing materials and supplies.
Postage and printing.

NOTE: Pay and expenses of purchasing agent, clerks, and attendants in purchasing materials and supplies shall be included in accounts 461, "General officers and clerks," and 462, "General office supplies and expenses."

(Sec. 313, 54 Stat. 944, as amended; 49 U.S.C. 913)

[F.R. Doc. 59-6293; Filed, July 30, 1959; 8:46 a.m.]

Title 7—AGRICULTURE

Chapter I—Agricultural Marketing Service (Standards, Inspections, Marketing Practices), Department of Agriculture

SUBCHAPTER C—REGULATIONS AND STANDARDS UNDER THE FARM PRODUCTS INSPECTION ACT

[S.R.A.—AMS 169]

PART 58—GRADING AND INSPECTION, MINIMUM SPECIFICATIONS FOR APPROVED PLANTS AND STANDARDS FOR GRADES OF DAIRY PRODUCTS

Amendment

The regulations governing the grading and inspection of dairy products (7 CFR Part 58), are amended as hereinafter set forth pursuant to authority contained in the Agricultural Marketing Act of 1946 (60 Stat. 1087; 7 U.S.C. 1621 et seq.). The amendment changes the provision in paragraph (a) of § 58.43, Butter, Cheddar Cheese and Miscellaneous Dairy Products Grading Fees, setting forth a charge of \$2.00 for each 5,000 pounds in excess of 20,000 pounds to a charge of \$2.00 for each 10,000 pounds in excess of 20,000 pounds. This change will allow wider application of unit fees in the weight ranges of normal cartlots of butter and Cheddar cheese.

It is hereby found that it would be impracticable, unnecessary and contrary to public interest to give preliminary notice and engage in public rule making procedures, and that good cause exists for making this amendment effective August 1, 1959, for the reason that the amendment increases the weight permitted within a certain fee schedule and therefore is relieving a restriction, and additional time is not required to comply with this amendment.

The amendment hereinafter set forth is hereby promulgated to become effective August 1, 1959.

The amendment is as follows:

Change paragraph (a) of § 58.43 to read as follows:

§ 58.43 Butter, cheddar cheese and miscellaneous dairy products grading fees.

* * * * *

(a) When all the bulk packages in a lot are individually identified by churning of butter or vat of cheddar cheese, the following fees shall be applicable:

For 3 or less churnings or vats (total marked net weight less than 15,000 pounds).....	\$3.00
For each churning or vat in excess of 3, an additional charge of.....	0.45

A minimum charge of \$9.00 shall be applicable to any lot of butter or cheddar cheese weighing 15,000 to 20,000 pounds inclusive, marked net weight, plus a charge of \$2.00 for each 10,000 pounds or fraction thereof in excess of 20,000 pounds.

(60 Stat. 1090; 7 U.S.C. 1624)

Issued at Washington, D.C., this 28th day of July 1959, to be effective on and after the 1st day of August 1959.

ROY W. LENNARTSON,
Deputy Administrator,
Agricultural Marketing Service.

[F.R. Doc. 59-6314; Filed, July 30, 1959; 8:48 a.m.]

SUBCHAPTER D—REGULATIONS UNDER THE POULTRY PRODUCTS INSPECTION ACT

PART 81—INSPECTION OF POULTRY AND POULTRY PRODUCTS

Subpart D—Interpretations and Statements of Policy

Pursuant to authority contained in the Poultry Products Inspection Act (71 Stat. 441; 21 U.S.C. 451 et seq.) the following interpretations and statements of policy under the Act are hereby set forth in a new Subpart D in 7 CFR, Part 81, to read:

Sec.

81.400 Interpretations and statements of policy with respect to producer exemption.

81.401 Interpretation and statement of policy applicable to certain carriers and caterers.

AUTHORITY: §§ 81.400 and 81.401 issued under sec. 14, 71 Stat. 447; 21 U.S.C. 463.

§ 81.400 Interpretations and statements of policy with respect to producer exemption.

A poultry producer exempted pursuant to subsection 15(a) (1), of the Act:

(a) May sell, in accordance with section 15(a) (1), directly to hospitals (which are considered to be in the same category as restaurants, hotels, and boarding houses);

(b) May give away without charge slaughtered poultry of his own raising on his own farm and poultry products thereof, directly to household consumers or restaurants, hotels, hospitals, and boarding houses for use in their own dining rooms or in the preparation of meals for sale direct to consumers only;

(c) May not ship in commerce, for further processing by a person other than the producer, slaughtered poultry or poultry products which are to be sold in the State where processed or returned to the State of origin for sale therein, even if such sales are made to someone eligible to receive the articles under the producer exemption. Shipments in commerce may be made for purposes of freezing or storage and sale to eligible purchasers in any State;

(d) May not ship in commerce under the producer exemption poultry or poultry products which have been processed by a person other than the producer;

(e) May sell poultry for gift purposes, provided delivery is made by the producer directly to the person receiving the gift and the requirements under section 15(a) (1) are met.

§ 81.401 Interpretation and statement of policy applicable to certain carriers and caterers.

Airlines; caterers to airlines; steamship lines; and operators of railroad

dining cars are not deemed to be in violation of subsections 9(a) or 9(i) of the Act by reason of the fact that uninspected dressed poultry and poultry products placed aboard the carriers for consumption on the carriers are not consumed within the State in which they were placed aboard the carriers provided the product does not move in commerce en route to the carriers.

Issued at Washington, D.C., this 28th day of July 1959, to become effective upon publication in the FEDERAL REGISTER.

ROY W. LENNARTSON,
Deputy Administrator,
Agricultural Marketing Service.

[F.R. Doc. 59-6315; Filed, July 30, 1959; 8:48 a.m.]

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

[Milk Order 911]

PART 911—MILK IN TEXAS PANHANDLE MARKETING AREA

Order Amending Order

§ 911.0 Findings and determinations.

The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) Findings upon the basis of the hearing record. Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Texas Panhandle marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;

(2) The parity prices of milk, as determined pursuant to section 2 of the Act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the said marketing area, and the minimum prices specified in the order as hereby amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest;

(3) The said order as hereby amended, regulates the handling of milk in the same manner as, and is applicable only

to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

(4) All milk and milk products handled by handlers, as defined in the order as hereby amended, are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in milk or its products; and

(5) It is hereby found that the necessary expense of the market administrator for the maintenance and functioning of such agency will require the payment by each handler, as his pro rata share of such expense, 5 cents per hundredweight or such amount not to exceed 5 cents per hundredweight as the Secretary may prescribe, with respect to butterfat and skim milk contained in (i) producer milk, (ii) other source milk at a pool plant which is allocated to Class I milk, and (iii) Class I milk disposed of in the marketing area (except to a pool plant) from a nonpool plant not subject to the classification and pricing provisions of another Federal order.

(b) *Additional findings.* (1) It is necessary in the public interest to make this order amending the order effective not later than August 1, 1959.

(2) The provisions of the said order are known to handlers. The recommended decision of the Deputy Administrator of the Agricultural Marketing Service was issued June 12, 1959, and the decision of the Acting Secretary containing all amendment provisions of this order, was issued July 20, 1959. The changes effected by this order will not require extensive preparation or substantial alteration in method of operation for handlers. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending the order effective August 1, 1959, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER. (See section 4(c), Administrative Procedure Act, 5 U.S.C. 1001 et seq.).

(c) *Determinations.* It is hereby determined that:

(1) The refusal or failure of handlers (excluding cooperative associations specified in section 8c(9) of the Act) of more than 50 percent of the milk, which is marketed within the marketing area, to sign a proposed marketing agreement tends to prevent the effectuation of the declared policy of the Act;

(2) The issuance of this order, amending the order, is the only practical means pursuant to the declared policy of the Act of advancing the interests of producers as defined in the order as hereby amended; and

(3) The issuance of the order amending the order is approved or favored by at least two-thirds of the producers who during the determined representative period were engaged in the production of milk for sale in the marketing area.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof, the handling of milk in the Texas Panhandle marketing area shall be in conformity to and in compli-

ance with the terms and conditions of the aforesaid order, as hereby amended, and the aforesaid order is hereby amended as follows:

1. Amend § 911.6 to read as follows:

§ 911.6 Texas - Panhandle marketing area.

"Texas Panhandle marketing area", hereinafter called the "marketing area", means all of the territory within the counties of Armstrong, Briscoe, Carson, Childress, Collingsworth, Dallas, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Moore, Oldham, Ochiltree, Potter, Randall, Roberts, Sherman, Swisher, and Wheeler, all in the State of Texas, and Beckham in the State of Oklahoma.

2. Amend § 911.12 to read as follows:

§ 911.12 Handler.

"Handler" means (a) any person in his capacity as the operator of one or more distributing or supply plants, (b) any cooperative association with respect to the milk of producers diverted by the association for its own account from a pool plant to a nonpool plant, or (c) any cooperative association with respect to the milk of its member producers which it causes to be delivered directly from the farm to the pool plant of another handler in a tank truck owned and operated by, or under contract to, such cooperative association, if the cooperative association notifies the market administrator and the handler to whom the milk is delivered in writing that it wishes to become the handler for such milk. The cooperative association shall be considered the handler for such bulk tank milk, effective the first day of the month following receipt of such notice, and milk so delivered shall be deemed to have been received by the cooperative association at a pool plant at the location of the pool plant to which it is delivered.

§ 911.41 [Amendment]

3. In § 911.41(b) (4), substitute a colon for the period and add the following proviso: "Provided, That with respect to milk for which a cooperative association is the handler pursuant to § 911.12(c), shrinkage incurred shall be allocated to the cooperative association in an amount not to exceed 0.5 percent of the total receipts of skim milk and butterfat in such milk and the pool plant to which it is delivered for processing shall be allocated shrinkage incurred in an amount not to exceed one and one-half percent of the total pounds of skim milk and butterfat in such milk."

§ 911.44 [Amendment]

4. In § 911.44 (c) and (d), substitute the figure "350" for the figure "300".

§ 911.53 [Amendment]

5. In § 911.53, under "Rate per hundredweight (cents)" substitute the figure "15.0" for "35.0" and the figure "1.5" for "1.6".

§ 911.80 [Amendment]

6. Amend § 911.80(c) by adding the following new subparagraph (3):

(3) Each handler who receives milk from a cooperative association which

collects payments for its members pursuant to subparagraph (1) of this paragraph shall, on or before the 20th of each month, furnish such association information showing the daily and total pounds milk received from each of the association's member producers for the first fifteen days of such month and, on or before the fifth day after the end of each month, such information for the 16th through the end of such month.

§ 911.82 [Amendment]

7. In § 911.82, under "Rate per hundredweight (cents)", substitute the figure "15.0" for "35.0" and the figure "1.5" for "1.6".

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Issued at Washington, D.C., this 28th day of July 1959, to be effective on and after the 1st day of August 1959.

CLARENCE L. MILLER,
Assistant Secretary.

[F.R. Doc. 59-6313; Filed, July 30, 1959; 8:48 a.m.]

[Pear Order 11]

PART 939—BEURRE D'ANJOU, BEURRE BOSC, WINTER NELIS, DOYENNE DU COMICE, BEURRE EASTER, AND BEURRE CLAIRGEAU VARIETIES OF PEARS GROWN IN OREGON, WASHINGTON, AND CALIFORNIA

Regulation by Grades and Sizes

§ 939.311 Pear Order 11.

(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 39, as amended (7 CFR Part 939), regulating the handling of the Beurre d'Anjou, Beurre Bosc, Winter Nelis, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears grown in Oregon, Washington, and California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations and information submitted by the Control Committee, established under the aforesaid amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of such pears, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (60 Stat. 237; 5 U.S.C. 1001 et seq.) in that, as hereinafter set forth, the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such ef-

fective time; and good cause exists for making the provisions hereof effective not later than August 3, 1959. A reasonable determination as to the composition of the available supplies of such pears, and therefore the extent of grade and size regulation warranted, must await the development of the crop; recommendation as to the need for, and the extent of, regulation of shipments of such pears were made by said committee on July 13, 1959, after consideration of all information then available relative to the supply and demand conditions for such pears, at which time such recommendations and supporting information were submitted to the Department and notice thereof given to handlers and growers; necessary supplemental information was not available to the Department until July 24, 1959; shipments of the current crop of such pears are expected to begin on or about the effective time hereof, and this section should be applicable to all shipments of such pears in order to effectuate the declared policy of the act; and compliance with this section will not require of handlers any preparation therefor which cannot be completed by the effective time hereof.

(b) *Order.* (1) During the period beginning at 12:01 a.m., P.s.t., August 3, 1959, and ending at 12:01 a.m., P.s.t., July 1, 1960, no handler shall ship:

(i) Any Beurre d'Anjou pears unless such pears grade at least U.S. No. 2 and are of a size not smaller than the 193 size: *Provided*, That, Beurre d'Anjou years may be shipped when bearing unhealed broken skin punctures measuring not to exceed three-sixteenth ($\frac{3}{16}$) of one inch in diameter or depth, as the case may be, if they otherwise grade at least U.S. No. 1, and are of a size not smaller than the 135 size: *Provided, further*, That, (a) Beurre d'Anjou pears grown in the Wenatchee District which fail to meet the requirement with respect to shape specified in the U.S. No. 2 grade, only because of healed hail marks or frost injury, may be shipped if such pears are not very seriously misshapen and are of a size not smaller than the 193 size;

(ii) Any Beurre Bosc pears unless such pears grade at least U.S. No. 2 and are of a size not smaller than the 180 size: *Provided*, That, Beurre Bosc pears grown in the Placerville District which fail to meet the requirement with respect to shape specified in the U.S. No. 2 grade, only because of healed hail marks, may be shipped if such pears are not very seriously misshapen and are of a size not smaller than the 180 size: *Provided, further*, That, Beurre Bosc pears grown in the Medford District which fail to meet the requirement with respect to shape specified in the U.S. No. 2 grade, only because of frost injury, may be shipped if such pears are not very seriously misshapen and are of a size not smaller than the 180 size;

(iii) Any Doyenne du Comice pears unless such pears grade at least U.S. No. 2 and are of a size not smaller than the 180 size;

(iv) Any Winter Nelis pears unless such pears grade at least U.S. No. 2 and are of a size not smaller than the 225 size;

(v) Any Beurre Easter pears unless such pears grade at least U.S. No. 2 and are of a size not smaller than the 165 size.

(2) When used herein, "U.S. No. 1," "U.S. No. 2," "hail marks," and "frost injury," shall have the same meaning as when used in the United States Standards for Winter Pears such as Anjou, Bosc, Winter Nelis, Comice, and other similar varieties (§§ 51.1300 to 51.1323 of this title); "very seriously misshapen" shall have the same meaning as set forth in the Washington State Department of Agriculture Standards for d'Anjou, Bosc, Winter Nelis and Other Varieties of Winter Pears; "135 size," "165 size," "180 size," "193 size," and "225 size" shall mean that the pears are of a size which, as indicated by the size number, will pack, in accordance with the sizing and packing specifications of a standard pack, as specified in said United States Standards, 135, 165, 180, 193, or 225 pears, respectively, in a standard western pear box (inside dimensions, 18 inches long by 11½ inches wide by 8½ inches deep), and, except as otherwise specified, all other terms shall have the same meaning as when used in the amended marketing agreement and order.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: July 28, 1959.

S. R. SMITH,
Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.

[F.R. Doc. 59-6309; Filed, July 30, 1959;
8:47 a.m.]

[Milk Order 49]

PART 949—MILK IN SAN ANTONIO, TEXAS, MARKETING AREA

Order Suspending Certain Provision

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and of the order regulating the handling of milk in the San Antonio, Texas, marketing area (7 CFR Part 949), it is hereby found and determined that:

(a) The following provision of the order no longer tends to effectuate the declared policy of the Act:

In § 949.52(b) the provision "through July 1959,"

(b) Notice of proposed rule making, public procedure thereon, and 30 days notice of effective date hereof are impractical, unnecessary, and contrary to the public interest in that:

(1) This suspension order does not require of persons affected substantial or extensive preparation prior to the effective date.

(2) This suspension order is necessary to reflect current marketing conditions and to maintain orderly marketing conditions in the marketing area.

(3) Information on which this action is based is the record of a public hearing held at San Antonio, Texas, July 22, 1959, at which evidence was received on

a proposed amendment to provide a separate price on a year-round basis for milk used to produce Cheddar cheese. Milk production for the market has increased more than anticipated. Some of the increased production not needed for Class I use during the season when production is normally short of market needs must be manufactured into Cheddar cheese. To accommodate this situation, the present Class II-A milk price should be continued beyond July 1959 pending amendment of the order.

(4) The request for suspension of the provision included herein was supported on the record of the public hearing.

Therefore, good cause exists for making this order effective August 1, 1959.

It is therefore ordered, That the aforesaid provision of the order is hereby suspended effective August 1, 1959.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Issued at Washington, D.C., this 28th day of July 1959.

CLARENCE L. MILLER,
Assistant Secretary.

[F.R. Doc. 59-6340; Filed, July 30, 1959;
8:50 a.m.]

[Avocado Order 9, Amdt. 9]

PART 969—AVOCADOS GROWN IN SOUTH FLORIDA

Subpart—Container Regulation

On June 26, 1959, notice of proposed rule making was published in the FEDERAL REGISTER (24 F.R. 5223) that consideration was being given to revision of the avocado container regulation (7 CFR 969.309) effective under the marketing agreement, as amended, and Order No. 69, as amended (7 CFR Part 969), regulating the handling of avocados grown in south Florida. This is a regulatory marketing program issued pursuant to the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674). The notice contemplated that the container regulation as revised would be placed in effect on September 14, 1959.

After consideration of all relevant matters presented, including the proposal set forth in the notice, which was submitted by the Avocado Administrative Committee (established pursuant to the said amended marketing agreement and order), it is hereby found that the revised container regulation, hereinafter set forth, is in accordance with the provisions of the said amended marketing agreement and order and will tend to effectuate the declared policy of the act.

It is, therefore, ordered that § 969.309 Container regulation is hereby revised to read as follows:

§ 969.309 Container regulation.

(a) Effective at 12:01 a.m., e.s.t., August 1, 1959, through September 13, 1959, no handler shall handle any variety of avocados unless such avocados are packed in:

(1) (i) Wooden boxes and fiberboard cartons with inside dimensions 11 x 16¾ x 10 inches: *Provided*, That the

individual avocados in such a container shall weigh at least 16 ounces, except that not to exceed 10 percent, by count, of the fruit in each lot may weigh not more than 2 ounces less than 16 ounces, but not to exceed double such tolerance (20 percent) of fruit weighing less than 16 ounces shall be permitted in an individual container in a lot;

(ii) Fiberboard cartons with inside dimensions $13\frac{1}{2} \times 16\frac{1}{2} \times 3\frac{3}{4}$ inches;

(iii) Fiberboard cartons with inside dimensions $13\frac{1}{2} \times 16\frac{1}{2} \times 3\frac{3}{4}$ inches;

(iv) Wooden boxes with inside dimensions $13\frac{1}{2} \times 16\frac{1}{2} \times 3\frac{3}{4}$ inches; and

(v) Wooden boxes with inside dimensions $13\frac{1}{2} \times 16\frac{1}{2} \times 4\frac{1}{2}$ inches.

(vi) Fiberboard cartons, with inside dimensions $13\frac{1}{2} \times 16\frac{1}{2} \times 4\frac{1}{4}$ inches: *Provided*, That the avocados in such container shall be packed in one layer only.

(vii) Such other types and sizes of containers as may be approved by the Avocado Administrative Committee for testing in connection with a research project conducted by or in cooperation with the said committee: *Provided*, That the handling of each lot of avocados in such test containers shall be subject to the prior approval, and under the supervision, of the Avocado Administrative Committee.

(viii) With respect to the containers prescribed in subdivisions (ii) through (vi) of this subparagraph, the net weight of the avocados in any such container shall be not less than $13\frac{1}{2}$ pounds: *Provided*, That when such containers are packed with 20 or more avocados, the net weight of such avocados shall be not less than 13 pounds, and *Provided further*, That not to exceed 5 percent, by count, of the containers in any lot may fail to meet such applicable weight requirement.

(2) The terms "handler," "handle," and "avocados" shall have the same meaning as when used in the amended marketing agreement and order (§§ 969.1 to 969.71).

(b) On and after 12:01 a.m., e.s.t., September 14, 1959, no handler shall handle any variety of avocados unless such avocados are packed in:

(1) (i) Boxes and cartons with inside dimensions $11 \times 16\frac{3}{4} \times 10$ inches: *Provided*, That the individual avocados in such a container shall weigh at least 16 ounces, except that not to exceed 10 percent, by count, of the fruit in each lot may weigh not more than 2 ounces less than 16 ounces, but not to exceed double such tolerance (20 percent) of fruit weighing less than 16 ounces shall be permitted in an individual container in a lot.

(ii) Boxes and cartons with inside dimensions $11\frac{1}{2} \times 15\frac{3}{4} \times 3\frac{3}{4}$ inches.

(iii) Boxes and cartons with inside dimensions $11\frac{1}{2} \times 15\frac{3}{4} \times 3\frac{3}{4}$ inches.

(iv) Boxes and cartons with inside dimensions $11\frac{1}{2} \times 15\frac{3}{4} \times 4\frac{1}{4}$ inches.

(v) Such other types and sizes of containers as may be approved by the Avocado Administrative Committee for testing in connection with a research project conducted by or in cooperation with the said committee: *Provided*, That the handling of each lot of avocados in such test containers shall be subject to the prior approval, and under the supervi-

sion, of the Avocado Administrative Committee.

(2) The terms "handler," "handle," and "avocados" when used herein shall have the same meaning as when used in the amended marketing agreement and order (§§ 969.1 to 969.71).

In the notice of rule making, it was proposed that paragraph (b) (1) (i) of this section would become effective on September 14, 1959. On July 14, 1959, within the period allowed interested parties to submit data, views, or arguments in connection with the proposed revision, the Avocado Administrative Committee recommended that the packing of 16-ounce avocados in the multilayer container be authorized effective August 1, 1959, and not postponed to September 14, 1959. This recommendation is based on a finding that recent heavy rains have reduced the carrying qualities of some varieties of avocados and that such varieties can be advantageously marketed in nearby southeastern markets in the multilayer container beginning or about August 1, 1959. The provisions of paragraph (a) (1) (i) of this section incorporate the recommendations of the committee. The provisions of paragraph (b) (1) (i) of this section are substantially the same (except that the material of the container is not specified) as the provisions recommended by the committee to become effective August 1, 1959. It is found and determined, therefore, that notice of rule making as to § 969.309 (a) (1) (i) is unnecessary and contrary to the public interest and that good cause exists for not postponing the effective time thereof later than August 1, 1959 (5 U.S.C. 1001-1011) in that: (1) The provisions thereof relieve restrictions on the handling of avocados in the container specified and (2) no special preparation on the part of the handlers is required to comply with such provisions.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: July 30, 1959.

S. R. SMITH,
Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.

[F.R. Doc. 59-6370; Filed, July 30, 1959;
11:42 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter III—Federal Aviation Agency

SUBCHAPTER C—AIRCRAFT REGULATIONS

[Regulatory Docket No. 79; Amdt. 33]

PART 507—AIRWORTHINESS DIRECTIVES

Miscellaneous Amendments

Recent incidents have occurred involving landing gear failure on a Boeing 707 series aircraft, and loosening and shearing of throttle control arm attachment rivets on Colonial C-1 and C-2 aircraft.

For the reasons stated above, the Administrator finds that corrective action is required in the interest of safety, that

notice and public procedure hereon are impracticable and that good cause exists for making this amendment effective on less than 30 days' notice.

In consideration of the foregoing § 507.10(a) is amended by adding the following new airworthiness directives:

59-15-1 BOEING. Applies to all Model 707 Series aircraft.

Unless already accomplished within the last 60 hours conduct the following inspection at next terminal where facilities are available but not to exceed 10 flight-hours and at periods not to exceed 60 flight-hours thereafter or immediately after snubber failure. Thoroughly clean the main landing gear truck beams. Remove straps around beams and conduct close visual inspection of beams for any evidence of scratches, gouges, corrosion, or impact dents. Pay particular attention to forward area of beam where contact is possible with torsion link pivot pin retaining bolt and to aft area of beam where contact is possible with shock strut inner cylinder if snubber should fail. Truck beams exhibiting corrosion, scratches, or gouges may be returned to service after repair per FAA approved Boeing Service Bulletin 142. Beams with impact dents exceeding 0.005 inch deep must be replaced before next flight. Beams with impact dents less than 0.005 inch deep may be returned to service. No repair permitted for impact dents.

(Boeing Service Bulletin Number 142/R-1 dated July 14, 1959, covers this same subject.)

59-15-2 COLONIAL. Applies to all Model C-1 and C-2 aircraft.

Compliance required as indicated.

An incident has recently been experienced where the rivets fastening the aluminum throttle control handle to the steel bell crank have loosened and sheared. Accordingly these two rivets should be inspected immediately and replaced with the following hardware if any looseness is apparent: Two each AN23-8 clevis bolt, AN960D10L washer, and AN364-1032 self-locking thin nut. In any case the rivets should be replaced with the foregoing parts not later than the next periodic inspection or December 1, 1959, whichever comes first.

In order to accomplish this modification it is necessary to remove the throttle from its supporting bracket to change the rivets to bolts. In addition the slot in the bracket should be widened to allow $\frac{1}{8}$ -inch minimum clearance between the end of the bolt and the edge of the bracket.

(Colonial Service Bulletin No. 14 rev. A covers the same subject.)

This amendment shall become effective immediately.

(Sec. 313(a), 601, 603; 72 Stat. 752, 775, 776; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Washington, D.C., on July 29, 1959.

E. R. QUESADA,
Administrator.

[F.R. Doc. 59-6348; Filed, July 30, 1959;
8:50 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 7308 c.o.]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

N & W Enterprises, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.15 Business status, ad-

vantages, or connections: History; personnel or staff; qualifications and abilities; § 13.135 *Nature*; § 13.190 *Results*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, N & W Enterprises, Inc., et al., St. Petersburg, Fla., Docket 7308, July 8, 1959]

In the Matter of N & W Enterprises, Inc., a Corporation, and Janet L. Winters, Henry W. Winters, and Nancy Jean Winters Jackman, Individually and as Officers of Said Corporation

This proceeding was heard by a hearing examiner on the complaint of the Commission charging a distributor in St. Petersburg, Fla., with advertising falsely that its "Sykes Hernia Control" devices were not trusses and misrepresenting their effectiveness, and with claiming falsely that its representatives were specialists in the fitting of trusses, and that it had been in the business of rupture control since 1916.

After acceptance of an agreement providing for entry of a consent order, the hearing examiner made his initial decision and order to cease and desist which became on July 8 the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That the respondents, N & W Enterprises, Inc., a corporation, and its officers, and Janet L. Winters, Henry W. Winters, and Nancy Jean Winters Jackman, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of devices known as Sykes Hernia Control, or any device of substantially similar construction or design, whether sold under said name or any other name, do forthwith cease and desist from, directly or indirectly:

1. Disseminating or causing to be disseminated, by means of the United States mails, or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which represents, directly or by implication:

- (a) That said devices are not trusses.
- (b) That said devices will retain or hold ruptures or hernias unless limited to reducible ruptures or hernias.
- (c) That the use of said devices will cure ruptures or hernias.
- (d) That respondents' representatives are medical specialists in the field of ruptures or hernias.
- (e) That said devices will retain ruptures or hernias under all conditions of activity or strain.

(f) That respondents, or any of them, have been in the business of rupture control since 1916; or misrepresenting the period of time that they, or any of them, have been in such business.

2. Disseminating or causing to be disseminated, by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase in commerce, as "commerce" is defined in the Federal Trade Commission

Act, of said devices, any advertisement which contains any of the representations prohibited by paragraph 1 of this order.

By "Decision of the Commission," etc., report of compliance was required as follows:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: June 9, 1959.

By the Commission.

[SEAL] ROBERT M. FARRISH,
Secretary.

[F.R. Doc. 59-6322; Filed, July 30, 1959; 8:49 a.m.]

[Docket 7305 c.o.]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

Stacey-Warner Corp. et al.

Subpart—*Advertising falsely or misleadingly*: § 13.85 *Government approval, action, connection or standards*: National Bureau of Standards; Use; § 13.205 *Scientific or other relevant facts*; § 13.250 *Success, use or standing*. Subpart—*Offering unfair, improper and deceptive inducements to purchase or deal*: § 13.2035 *Results guarantee*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Stacey-Warner Corp. et al., New York, N.Y., Docket 7305, July 8, 1959]

In the Matter of Stacey-Warner Corp., a Corporation, National Dynamics Corp., a Corporation, Campbell-Smith Co., Inc., a Corporation, Mapleton Service, Inc., a Corporation, Parker Advertising, Inc., a Corporation, L & D Automotive Products, Inc., a Corporation, Biotex, Ltd., a Corporation, Frank Schere, Individually and as Officer of Stacey-Warner Corp., and as a Copartner Doing Business as Voltex Company, Elliott Meyer, Individually and as Officer of Stacey-Warner Corp., and National Dynamics Corp., Melvin Seligman, Individually and as Officer of Campbell-Smith Co., Inc., Alan A. Hecht, Individually and as Copartner Doing Business as Voltex Company, Murray Ross, Individually and as Officer of Mapleton Service, Inc., Robert Vallon, Individually and as Officer of Mapleton Service, Inc., Marvin Schere, an Individual, David Geller, an Individual Doing Business as David Geller, and David Ratke, Individually and as an Officer or Directing Official of Parker Advertising, Inc., L & D Automotive Products, Inc., and Biotex, Ltd.

This proceeding was heard by a hearing examiner on the complaint of the Commission charging a number of New

¹ New.

York City concerns with representing falsely that the battery additive they distributed—known variously as "VX-6", "Voltex-6", etc.—had been tested and approved by the National Bureau of Standards and cleared by the U.S. Government for public use; that the product, or a similar one, was in regular use on the S.S. *Queen Mary* and S.S. *Queen Elizabeth* and on planes and other equipment of National Airlines; that articles in Reader's Digest and Popular Science reflected favorably on the product; and that it was guaranteed or insured by Lloyds of London.

After acceptance of agreements containing consent orders to cease and desist, the hearing examiner made his initial decision and order to cease and desist which became on July 8 the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That respondents Stacey-Warner Corp., a corporation, and its officers; Campbell-Smith Co., Inc., a corporation, and its officers; Mapleton Service Co., Inc., a corporation, and its officers; Parker Advertising, Inc., a corporation, and its officers; L & D Automotive Products, Inc., a corporation, and its officers; Biotex, Ltd., a corporation, and its officers; and Frank Schere, individually and as an officer of Stacey-Warner Corp.; Elliott Meyer, individually and as an officer of Stacey-Warner Corp.; Melvin Seligman, individually and as an officer of Campbell-Smith Co., Inc.; Murray Ross, individually and as an officer of Mapleton Service, Inc.; Robert Vallon, individually and as an officer of Mapleton Service, Inc.; Marvin Schere, an individual; David Geller, an individual doing business as David Geller; and David Ratke, individually and as an officer or directing official of Parker Advertising, Inc., L & D Automotive Products, Inc., and Biotex, Ltd.; National Dynamics Corp., a corporation, and its officers, Elliott Meyer, individually and as officer of National Dynamics Corp.; Allan A. Hecht, an individual doing business as Voltex Company, and their representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution, of a battery additive, now known as VX-6, Voltex-6, Voltex, Voltex-Liquilectric, or of any other battery additive of substantially similar composition or possessing substantially similar properties, whether sold under the same name or any other name, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

1. That said product has been tested, approved or recognized by the National Bureau of Standards, or that a similar product has been tested, approved or recognized by the National Bureau of Standards; or has been tested, approved or recognized by any other branch or agency of the United States Government, unless such is the fact;

2. That said product has been cleared by the United States Government for public use;

3. That said product, or one similar to it, is in regular use or has been regularly used on the S.S. *Queen Elizabeth*, the S.S. *Queen Mary*, the planes or other equipment of National Airlines; or that said product, or one similar to it, is in use or has been used on any machine or equipment by or on the above-mentioned ships or airlines or on any other machine or equipment or by any other person or firm, unless such is the fact;

4. That either the Reader's Digest or Popular Science or both have published articles reflecting favorably upon said product; or that any other magazine, periodical or publication has published an article reflecting favorably upon said product, or one similar to it, unless such is the fact;

5. That Lloyds of London has guaranteed or insured said product or in any way warranted its effectiveness, except that this shall not be construed to prohibit a truthful representation concerning product liability coverage.

It is further ordered, That all respondents named herein except Allan A. Hecht, an individual doing business as Voltex Company, and their agents, representatives and employees, directly or through any corporate or other device in connection with the offering for sale, sale or distribution, of a battery additive, now known as VX-6, Voltex-6, Voltex, Voltex-Liquilectric, or of any other battery additive of substantially similar composition or possessing substantially similar properties, whether sold under the same name or any other name, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

1. That said product is in regular use or has been regularly used on United States Navy battery-driven submarines or any other equipment of the United States Navy; or that said product or one similar to it, is used or has been used by the United States Navy or any Government agency or other organization, person or firm, unless such is the fact.

It is further ordered, That all respondents named herein except Stacey-Warner Corp., National Dynamics Corp., a corporation, and its officers, Elliott Meyer, individually and as officer of National Dynamics Corp., and their agents, representatives and employees, directly or through any corporate or other device in connection with the offering for sale, sale or distribution, of a battery additive, now known as VX-6, Voltex-6, Voltex, Voltex-Liquilectric, or of any other battery additive of substantially similar properties, whether sold under the same name or any other name, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

1. That the supply of said product for public use has been limited because of the demands of the Government or any other person, firm or organization.

It is further ordered, That respondents National Dynamics Corp., a corporation, and its officers, Elliott Meyer, individually and as officer of National Dynamics Corp., and their agents, representatives

and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution, of a battery additive, now known as VX-6, Voltex-6, Voltex, Voltex-Liquilectric, or of any other battery additive of substantially similar composition or possessing substantially similar properties, whether sold under the same name or any other name, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

1. That one or any of the persons associated in the distribution or sale of said product is a guided missile battery expert or scientist, unless such is the fact.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That the above-named respondents shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: June 11, 1959.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 59-6323; Filed, July 30, 1959;
8:49 a.m.]

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

SUBCHAPTER B—FOOD AND FOOD PRODUCTS

PART 51—CANNED VEGETABLES; DEFINITIONS AND STANDARDS OF IDENTITY; QUALITY; AND FILL OF CONTAINER

Canned Peas; Order Amending Standard of Identity

In the matter of amending the standard of identity for canned peas.

A notice of proposed rule making was published in the FEDERAL REGISTER of May 20, 1959 (24 F.R. 4059), setting forth a proposal by the California Packing Corporation, 215 Fremont Street, San Francisco, California, to amend the standard of identity for canned peas to provide for using red peppers and dried forms of peppers, onions, and garlic as optional seasoning ingredients. The notice invited all interested persons to submit comments on the proposal. No comments were received.

On the basis of the relevant information available, it is concluded that it will promote honesty and fair dealing in the interest of consumers to adopt the amendments proposed. Therefore, pursuant to the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (secs. 401, 701, 52 Stat. 1046, 1055, as amended 70 Stat. 919; 21

U.S.C. 341, 371) and, delegated to the Commissioner of Food and Drugs by the Secretary (22 F.R. 1045, 23 F.R. 9500): *It is ordered*, That the standard of identity for canned peas (21 CFR and 21 CFR, 1958 Supp., 51.1) be amended as set forth below:

1. The section headnote for § 51.1 is amended to read: § 51.1 *Canned peas; identity; label statement of optional ingredients.*

2. In paragraph (d), subparagraphs (1), (3), and (4) are amended to read:

(d) * * *

(1) Green peppers or red peppers, which may be dried.

* * *

(3) Onions, which may be dried.

(4) Garlic, which may be dried.

3. In paragraph (f), subparagraphs (1), (5), and (8) are amended to read:

(f) (1) The label shall name the optional pea ingredient present by use of the word or words "Early" or "June" or "Early June," "Sweet" or "Sweet Wrinkled" or "Sugar," "Dried Early" or "Dried June" or "Dried Early June," "Dried Sweet" or "Dried Sweet Wrinkled" or "Dried Sugar." If one or more of the optional seasoning ingredients specified in paragraph (d) of this section are used, the word "Seasoned" may immediately precede the name of the optional pea ingredient.

* * *

(5) If one or more of the optional seasoning ingredients specified in paragraph (d) of this section are used, the label shall bear the statement "Seasoned with -----," the blank being filled in with the name "green peppers," "dried green peppers," "red peppers," "dried red peppers," "mint leaves," "onions," "dried onions," "garlic," "dried garlic," "horseradish," or a combination of these names, as may be appropriate. The word "dehydrated" may be used in lieu of the word "dried."

* * *

(8) Wherever the name "peas" appears on the label so conspicuously as to be easily seen under customary conditions of purchase, the words and statements specified in this paragraph, showing the optional ingredients present, shall immediately and conspicuously precede or follow such name, without intervening written, printed, or graphic matter, except that the specific varietal name of the peas may so intervene, and if one or more of the optional seasoning ingredients specified in paragraph (d) of this section are used, the word "seasoned" may so intervene.

Any person who will be adversely affected by the foregoing order may at any time prior to the thirtieth day from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, Health, Education, and Welfare Building, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by the order, shall specify with particularity the provisions

of the order deemed objectionable and the grounds for the objections, and shall request a public hearing upon the objections. Objections may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

Effective date. This order shall become effective 60 days after its publication in the FEDERAL REGISTER, except as to any provision that may be stayed by the filing of objections. Notice of filing of objections, or the lack thereof, will be announced by publication in the FEDERAL REGISTER.

(Sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 371. Interprets or applies sec. 401, 52 Stat. 1046; 21 U.S.C. 341)

Dated: July 27, 1959.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 59-6297; Filed, July 30, 1959;
8:46 a.m.]

PART 120—TOLERANCES AND EXEMPTIONS FROM TOLERANCES FOR PESTICIDE CHEMICALS IN OR ON RAW AGRICULTURAL COMMODITIES

Tolerances for Residues of O,O-Diethyl O-(2-Isopropyl-4-Methyl-6-Pyrimidinyl) Phosphorothioate

A petition was filed with the Food and Drug Administration by Geigy Agricultural Chemicals, Division of Geigy Chemical Corporation, Saw Mill River Road, Ardsley, New York, requesting the establishment of tolerances for residues of O,O-diethyl O-(2-isopropyl-4-methyl-6-pyrimidinyl) phosphorothioate in or on certain raw agricultural commodities. The requests for tolerances on brussel sprouts, kohlrabi, and salsify roots were subsequently withdrawn without prejudice to a future filing. The petition was later amended.

The Secretary of Agriculture has certified that this pesticide chemical is useful for the purposes for which tolerances are being established.

After consideration of the data submitted in the petition and other relevant material which show that the tolerances established in this order will protect the public health, and by virtue of the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 408(d)(2), 68 Stat. 512; 21 U.S.C. 346a(d)(2)) and delegated to the Commissioner of Food and Drugs by the Secretary (21 CFR, 1958 Supp., 120.7(g)), the regulations for tolerances for pesticide chemicals in or on raw agricultural commodities (21 CFR, 1958 Supp., 120.153) are amended by changing § 120.153(b) to read as follows:

§ 120.153 Tolerances for residues of O,O-diethyl O-(2-isopropyl-4-methyl-6-pyrimidinyl) phosphorothioate.

(b) 0.75 part per million in or on apples, apricots, beans (snap), beet roots,

beet tops, broccoli, cabbage, cantaloups, carrots, cauliflower, celery, cherries, collards, cranberries, cucumbers, endive, figs, grapes, hops, kale, lemons, lettuce, lima beans, muskmellons, nectarines, onions, oranges, parsley, parsnips, peaches, pears, peppers, plums (fresh prunes), radishes, spinach, strawberries, summer squash, Swiss chard, tomatoes, turnip roots, turnip tops, watercress, winter squash.

Any person who will be adversely affected by the foregoing order may, at any time prior to the thirtieth day from the effective date thereof, file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by this order, specify with particularity the provisions of the order deemed objectionable and reasonable grounds for the objections, and request a public hearing upon the objections. Objections may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

Effective date. This order shall be effective upon publication in the FEDERAL REGISTER.

(Sec. 408(d)(2), 68 Stat. 512; 21 U.S.C. 346a(d)(2))

Dated: July 27, 1959.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 59-6299; Filed, July 30, 1959;
8:47 a.m.]

SUBCHAPTER C—DRUGS

PART 146c—CERTIFICATION OF CHLORTETRACYCLINE (OR TETRACYCLINE) AND CHLORTETRACYCLINE- (OR TETRACYCLINE-) CONTAINING DRUGS

Changes in Expiration Dates

Under the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 507, 59 Stat. 463, as amended; sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 357, 371) and delegated to the Commissioner of Food and Drugs by the Secretary (22 F.R. 1045, 23 F.R. 9500), the regulations for the certification of antibiotic and antibiotic-containing drugs (21 CFR, 1958 Supp., 146c.202, 146c.204 (24 F.R. 1553); 21 CFR 145c.221; 21 CFR, 1958 Supp., 146c.223 (24 F.R. 2276)) are amended as indicated below:

1. In § 146c.202 *Chlortetracycline hydrochloride ointment* * * *, paragraph (c) (1) (iv) is changed to read as follows:

(c) *Labeling.* * * *

(1) * * *

(iv) The statement "Expiration date -----," the blank being filled in with the date that is 48 months if it is chlortetracycline hydrochloride oint-

ment or tetracycline hydrochloride ointment, or 24 months if it is chlortetracycline calcium ointment, after the month during which the batch was certified, except that the blank may be filled in with the date that is 36 months, 48 months, or 60 months after the month during which the batch was certified, if the person who requests certification has submitted to the Commissioner results of tests and assays showing that after having been stored for such period of time the drug as prepared by him complies with the standards prescribed by paragraph (a) of this section; *Provided, however*, That such expiration date may be omitted from the immediate container holding only an amount of the ointment which supplies a single dose if such immediate container is packaged in an individual wrapper or container.

2a. In § 146c.204 *Chlortetracycline hydrochloride capsules* * * *, paragraph (c) (1) (iv) (d) is amended by changing the semicolon at the end thereof to a comma and adding the following clause: "except that the blank may be filled in with the date that is 36 months after the month in which the batch was certified, if the person who requests certification has submitted to the Commissioner results of tests and assays showing that after having been stored for such period of time such drug as prepared by him complies with the standards prescribed by paragraph (a) of this section;"

b. Paragraph (c) (1) (iv) is further amended by changing the concluding clause beginning: "*Provided, however*" to read as follows:

Provided, however, That such expiration date may be omitted from the immediate container holding only an amount of the drug which supplies a single dose, if such immediate container is packaged in an individual wrapper or container.

3. In § 146c.221 *Tetracycline hydrochloride for intramuscular use* * * *, paragraph (c) (1) (iv) is amended by inserting after the words "48 months" the words "or 60 months".

4. In § 146c.223 *Tetracycline-oleandomycin phosphate for oral suspension*, paragraph (d) is amended by changing the last sentence to read: "The expiration date of the drug shall be 24 months. The expiration date shall not be omitted from the immediate container except one which holds only a quantity of the drug that supplies a single dose if such immediate container is packaged in an individual wrapper or container."

Notice and public procedure are not necessary prerequisites to the promulgation of this order, and I so find, since it was drawn in collaboration with interested members of the affected industry and since it would be against public interest to delay providing for the amendments set forth in this order.

Effective date. This order shall become effective upon publication in the FEDERAL REGISTER, since both the public and the affected industry will benefit by the earliest effective date, and I so find.

(Sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 371. Interprets or applies sec. 507, 59 Stat. 463, as amended; 21 U.S.C. 357)

Dated: July 27, 1959.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 59-6298; Filed, July 30, 1959;
8:46 a.m.]

Title 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

[T.D. 6403]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEM- BER 31, 1953

Deductions for Bad Debts

On July 3, 1956, notice of proposed rule making regarding the regulations under sections 165 and 166 of the Internal Revenue Code of 1954, relating to deductions for losses and bad debts, respectively, was published in the FEDERAL REGISTER (21 F.R. 4925). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the following regulations under section 166 are hereby adopted. Regulations under section 165 will be the subject of a separate Treasury decision. The regulations contained in this Treasury decision are applicable for taxable years beginning after December 31, 1953, and ending after August 16, 1954.

- Sec.
1.166 Statutory provisions; bad debts.
1.166-1 Bad debts.
1.166-2 Evidence of worthlessness.
1.166-3 Partial or total worthlessness.
1.166-4 Reserve for bad debts.
1.166-5 Nonbusiness debts.
1.166-6 Sale of mortgaged or pledged property.
1.166-7 Worthless bonds issued by an individual.
1.166-8 Losses of guarantors, endorser, and indemnitors.

AUTHORITY: §§ 1.166 to 1.166-8 incl., issued under sec. 7805, I.R.C. 1954; 68A Stat. 917; 26 U.S.C. 7805.

§ 1.166 Statutory provisions; bad debts.

SEC. 166. *Bad debts*—(a) *General rule*—(1) *Wholly worthless debts*. There shall be allowed as a deduction any debt which becomes worthless within the taxable year.

(2) *Partially worthless debts*. When satisfied that a debt is recoverable only in part, the Secretary or his delegate may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction.

(b) *Amount of deduction*. For purposes of subsection (a), the basis for determining the amount of the deduction for any bad debt shall be the adjusted basis provided in section 1011 for determining the loss from the sale or other disposition of property.

(c) *Reserve for bad debts*. In lieu of any deduction under subsection (a), there shall be allowed (in the discretion of the Secretary or his delegate) a deduction for a reasonable addition to a reserve for bad debts.

(d) *Nonbusiness debts*—(1) *General rule*. In the case of a taxpayer other than a corporation—

(A) Subsections (a) and (c) shall not apply to any nonbusiness debt; and

(B) Where any nonbusiness debt becomes worthless within the taxable year, the loss resulting therefrom shall be considered a loss from the sale or exchange, during the taxable year, of a capital asset held for not more than 6 months.

(2) *Nonbusiness debt defined*. For purposes of paragraph (1), the term "nonbusiness debt" means a debt other than—

(A) A debt created or acquired (as the case may be) in connection with a trade or business of the taxpayer; or

(B) A debt the loss from the worthlessness of which is incurred in the taxpayer's trade or business.

(e) *Worthless securities*. This section shall not apply to a debt which is evidenced by a security as defined in section 165 (g) (2) (C).

(f) *Guarantor of certain noncorporate obligations*. A payment by the taxpayer (other than a corporation) in discharge of part or all of his obligation as a guarantor, endorser, or indemnitor of a noncorporate obligation the proceeds of which were used in the trade or business of the borrower shall be treated as a debt becoming worthless within such taxable year for purposes of this section (except that subsection (d) shall not apply), but only if the obligation of the borrower to the person to whom such payment was made was worthless (without regard to such guaranty, endorsement, or indemnity) at the time of such payment.

(g) *Cross references*. (1) For disallowance of deduction for worthlessness of debts owed by political parties and similar organizations, see section 271.

(2) For special rule for banks with respect to worthless securities, see section 582.

(3) For special rule for bad debt reserves of certain mutual savings banks, domestic building and loan associations, and cooperative banks, see section 593.

[Sec. 166 as amended by sec. 8, Technical Amendments Act 1958 (72 Stat. 1608)]

§ 1.166-1 Bad debts.

(a) *Allowance of deduction*. Section 166 provides that, in computing taxable income under section 63, a deduction shall be allowed in respect of bad debts owed to the taxpayer. For this purpose, bad debts shall, subject to the provisions of section 166 and the regulations thereunder, be taken into account either as—

(1) A deduction in respect of debts which become worthless in whole or in part; or as

(2) A deduction for a reasonable addition to a reserve for bad debts.

(b) *Manner of selecting method*. (1) A taxpayer filing a return of income for the first taxable year for which he is entitled to a bad debt deduction may select either of the two methods prescribed by paragraph (a) of this section for treating bad debts, but such selection is subject to the approval of the district director upon examination of the return. If the method so selected is approved, it shall be used in returns for all subsequent taxable years unless the Commissioner grants permission to use the other method. A statement of facts substantiating any deduction claimed under section 166 on account of bad debts shall accompany each return of income.

(2) Taxpayers who have properly selected one of the two methods for treating bad debts under provisions of prior law corresponding to section 166 shall continue to use that method for all sub-

sequent taxable years unless the Commissioner grants permission to use the other method.

(3) (i) For taxable years beginning after December 31, 1959, application for permission to change the method of treating bad debts shall be made in accordance with section 446(e) and paragraph (e) (3) of § 1.446-1.

(ii) For taxable years beginning before January 1, 1960, application for permission to change the method of treating bad debts shall be made at least 30 days before the close of the taxable year for which the change is effective.

(c) *Bona fide debt required*. Only a bona fide debt qualifies for purposes of section 166. A bona fide debt is a debt which arises from a debtor-creditor relationship based upon a valid and enforceable obligation to pay a fixed or determinable sum of money. A gift or contribution to capital shall not be considered a debt for purposes of section 166. The fact that a bad debt is not due at the time of deduction shall not of itself prevent its allowance under section 166.

(d) *Amount deductible*—(1) *General rule*. Except in the case of a deduction for a reasonable addition to a reserve for bad debts, the basis for determining the amount of deduction under section 166 in respect of a bad debt shall be the same as the adjusted basis prescribed by § 1.1011-1 for determining the loss from the sale or other disposition of property. To determine the allowable deduction in the case of obligations acquired before March 1, 1913, see also paragraph (b) of § 1.1053-1.

(2) *Specific cases*. Subject to any provision of section 166 and the regulations thereunder which provides to the contrary, the following amounts are deductible as bad debts:

(i) *Notes or accounts receivable*. (a) If, in computing taxable income, a taxpayer values his notes or accounts receivable at their fair market value when received, the amount deductible as a bad debt under section 166 in respect of such receivables shall be limited to such fair market value even though it is less than their face value.

(b) A purchaser of accounts receivable which become worthless during the taxable year shall be entitled under section 166 to a deduction which is based upon the price he paid for such receivables but not upon their face value.

(ii) *Bankruptcy claim*. Only the difference between the amount received in distribution of the assets of a bankrupt and the amount of the claim may be deducted under section 166 as a bad debt.

(iii) *Claim against decedent's estate*. The excess of the amount of the claim over the amount received by a creditor of a decedent in distribution of the assets of the decedent's estate may be considered a worthless debt under section 166.

(e) *Prior inclusion in income required*. Worthless debts arising from unpaid wages, salaries, fees, rents, and similar items of taxable income shall not be allowed as a deduction under section 166 unless the income such items represent has been included in the return of income for the year for which the deduc-

tion as a bad debt is claimed or for a prior taxable year.

(f) *Recovery of bad debts.* Any amount attributable to the recovery during the taxable year of a bad debt, or of a part of a bad debt, which was allowed as a deduction from gross income in a prior taxable year shall be included in gross income for the taxable year of recovery, except to the extent that the recovery is excluded from gross income under the provisions of § 1.111-1, relating to the recovery of certain items previously deducted or credited. This paragraph shall not apply, however, to a bad debt which was previously charged against a reserve by a taxpayer on the reserve method of treating bad debts.

(g) *Worthless securities.* (1) Section 166 and the regulations thereunder do not apply to a debt which is evidenced by a bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form. See section 166(e). For provisions allowing the deduction of a loss resulting from the worthlessness of such a debt, see § 1.165-5.

(2) The provisions of subparagraph (1) of this paragraph do not apply to any loss sustained by a bank and resulting from the worthlessness of a security described in section 165(g)(2)(C). See paragraph (a) of § 1.582-1.

§ 1.166-2 Evidence of worthlessness.

(a) *General rule.* In determining whether a debt is worthless in whole or in part the district director will consider all pertinent evidence, including the value of the collateral, if any, securing the debt and the financial condition of the debtor.

(b) *Legal action not required.* Where the surrounding circumstances indicate that a debt is worthless and uncollectible and that legal action to enforce payment would in all probability not result in the satisfaction of execution on a judgment, a showing of these facts will be sufficient evidence of the worthlessness of the debt for purposes of the deduction under section 166.

(c) *Bankruptcy.*—(1) *General rule.* Bankruptcy is generally an indication of the worthlessness of at least a part of an unsecured and unpreferred debt.

(2) *Year of deduction.* In bankruptcy cases a debt may become worthless before settlement in some instances; and in others, only when a settlement in bankruptcy has been reached. In either case, the mere fact that bankruptcy proceedings instituted against the debtor are terminated in a later year, thereby confirming the conclusion that the debt is worthless, shall not authorize the shifting of the deduction under section 166 of such later year.

(d) *Banks and other regulated corporations.*—(1) *Worthlessness presumed in year of charge-off.* If a bank or other corporation which is subject to supervision by Federal authorities, or by State authorities maintaining substantially equivalent standards, charges off a debt in whole or in part in obedience to the specific orders of such supervisory authorities, then the debt shall,

to the extent charged off during the taxable year, be conclusively presumed to have become worthless, or worthless only in part, as the case may be, during such taxable year. But no such debt shall be so conclusively presumed to be worthless, or worthless only in part, as the case may be, if the amount so charged off is not claimed as a deduction by the taxpayer at the time of filing the return for the taxable year in which the charge-off takes place.

(2) *Evidence of worthlessness in later taxable year.* If such a bank or other corporation does not claim a deduction for such a totally or partially worthless debt in its return for the taxable year in which the charge-off takes place, but claims the deduction for a later taxable year, then the charge-off in the prior taxable year shall be deemed to have been involuntary and the deduction under section 166 shall be allowed for the taxable year for which claimed, provided that the taxpayer produces sufficient evidence to show that—

(i) The debt became wholly worthless in the later taxable year, or became recoverable only in part subsequent to the taxable year of the involuntary charge-off, as the case may be; and,

(ii) To the extent that the deduction claimed in the later taxable year for a debt partially worthless was not involuntarily charged off in prior taxable years, it was charged off in the later taxable year.

§ 1.166-3 Partial or total worthlessness.

(a) *Partial worthlessness.*—(1) *Applicable to specific debts only.* A deduction under section 166(a)(2) on account of partially worthless debts shall be allowed with respect to specific debts only.

(2) *Charge-off required.* (i) If, from all the surrounding and attending circumstances, the district director is satisfied that a debt is partially worthless, the amount which has become worthless shall be allowed as a deduction under section 166(a)(2) but only to the extent charged off during the taxable year.

(ii) If a taxpayer claims a deduction for a part of a debt for the taxable year within which that part of the debt is charged off and the deduction is disallowed for that taxable year, then, in a case where the debt becomes partially worthless after the close of that taxable year, a deduction under section 166(a)(2) shall be allowed for a subsequent taxable year but not in excess of the amount charged off in the prior taxable year plus any amount charged off in the subsequent taxable year. In such instance, the charge-off in the prior taxable year shall, if consistently maintained as such, be sufficient to that extent to meet the charge-off requirement of section 166(a)(2) with respect to the subsequent taxable year.

(iii) Before a taxpayer may deduct a debt in part, he must be able to demonstrate to the satisfaction of the district director the amount thereof which is worthless and the part thereof which has been charged off.

(b) *Total worthlessness.* If a debt becomes wholly worthless during the taxable year, the amount thereof which has not been allowed as a deduction from

gross income for any prior taxable year shall be allowed as a deduction for the current taxable year.

§ 1.166-4 Reserve for bad debts.

(a) *Allowance of deduction.* A taxpayer who has established the reserve method of treating bad debts and has maintained proper reserve accounts for bad debts or who, in accordance with paragraph (b) of § 1.166-1, adopts the reserve method of treating bad debts may deduct from gross income a reasonable addition to a reserve for bad debts in lieu of deducting specific bad debt items.

(b) *Reasonableness of addition to reserve.*—(1) *Relevant factors.* What constitutes a reasonable addition to a reserve for bad debts shall be determined in the light of the facts existing at the close of the taxable year of the proposed addition. The reasonableness of the addition will vary as between classes of business and with conditions of business prosperity. It will depend primarily upon the total amount of debts outstanding as of the close of the taxable year, including those arising currently as well as those arising in prior taxable years, and the total amount of the existing reserve.

(2) *Correction of errors in prior estimates.* In the event that subsequent realizations upon outstanding debts prove to be more or less than estimated at the time of the creation of the existing reserve, the amount of the excess or inadequacy in the existing reserve shall be reflected in the determination of the reasonable addition necessary in the current taxable year.

(c) *Statement required.* A taxpayer using the reserve method shall file with his return a statement showing—

(1) The volume of his charge sales or other business transactions for the taxable year and the percentage of the reserve to such amount;

(2) The total amount of notes and accounts receivable at the beginning and close of the taxable year;

(3) The amount of the debts which have become wholly or partially worthless and have been charged against the reserve account; and

(4) The computation of the addition to the reserve for bad debts.

(d) *Special rule applicable to certain banking organizations.* For special rule for the addition to the bad debt reserves of certain mutual savings banks, domestic building and loan associations, and cooperative banks, see § 1.593-1.

§ 1.166-5 Nonbusiness debts.

(a) *Allowance of deduction as capital loss.* (1) The loss resulting from any nonbusiness debt's becoming partially or wholly worthless within the taxable year shall not be allowed as a deduction under either section 166(a) or section 166(c) in determining the taxable income of a taxpayer other than a corporation. See section 166(d)(1)(A).

(2) If, in the case of a taxpayer other than a corporation, a nonbusiness debt becomes wholly worthless within the taxable year, the loss resulting therefrom shall be treated as a loss from the sale or exchange, during the taxable year, of a capital asset held for not more than

6 months. Such a loss is subject to the limitations provided in section 1211, relating to the limitation on capital losses, and section 1212, relating to the capital loss carryover, and in the regulations under those sections. A loss on a nonbusiness debt shall be treated as sustained only if and when the debt has become totally worthless, and no deduction shall be allowed for a nonbusiness debt which is recoverable in part during the taxable year.

(b) *Nonbusiness debt defined.* For purposes of section 166 and this section, a nonbusiness debt is any debt other than—

(1) A debt which is created, or acquired, in the course of a trade or business of the taxpayer, determined without regard to the relationship of the debt to a trade or business of the taxpayer at the time when the debt becomes worthless; or

(2) A debt, the loss from the worthlessness of which is incurred in the taxpayer's trade or business.

The question whether a debt is a nonbusiness debt is a question of fact in each particular case. The determination of whether the loss on a debt's becoming worthless has been incurred in a trade or business of the taxpayer shall, for this purpose, be made in substantially the same manner for determining whether a loss has been incurred in a trade or business for purposes of section 165(c)(1). For purposes of subparagraph (2) of this paragraph, the character of the debt is to be determined by the relation which the loss resulting from the debt's becoming worthless bears to the trade or business of the taxpayer. If that relation is a proximate one in the conduct of the trade or business in which the taxpayer is engaged at the time the debt becomes worthless, the debt comes within the exception provided by that subparagraph. The use to which the borrowed funds are put by the debtor is of no consequence in making a determination under this paragraph. For purposes of section 166 and this section, a nonbusiness debt does not include a debt described in section 165(g)(2)(C). See § 1.165-5, relating to losses on worthless securities.

(c) *Guaranty of corporate obligations.* For provisions treating a loss sustained by a guarantor of the obligations of a corporation as a loss resulting from the worthlessness of a nonbusiness debt, see paragraph (b) of § 1.166-8.

(d) *Examples.* The application of this section may be illustrated by the following examples involving a case where A, an individual who is engaged in the grocery business and who makes his return on the basis of the calendar year, extends credit to B in 1955 on an open account:

Example (1). In 1956 A sells the business but retains the claim against B. The claim becomes worthless in A's hands in 1957. A's loss is not controlled by the nonbusiness debt provisions, since the original consideration has been advanced by A in his trade or business.

Example (2). In 1956 A sells the business to C but sells the claim against B to the taxpayer, D. The claim becomes worthless in D's hands in 1957. During 1956 and 1957, D

is not engaged in any trade or business. D's loss is controlled by the nonbusiness debt provisions even though the original consideration has been advanced by A in his trade or business, since the debt has not been created or acquired in connection with a trade or business of D and since in 1957 D is not engaged in a trade or business incident to the conduct of which a loss from the worthlessness of such claim is a proximate result.

Example (3). In 1956 A dies, leaving the business, including the accounts receivable, to his son, C, the taxpayer. The claim against B becomes worthless in C's hands in 1957. C's loss is not controlled by the nonbusiness debt provisions. While C does not advance any consideration for the claim, or create or acquire it in connection with his trade or business, the loss is sustained as a proximate incident to the conduct of the trade or business in which he is engaged at the time the debt becomes worthless.

Example (4). In 1956 A dies, leaving the business to his son, C, but leaving the claim against B to his son, D, the taxpayer. The claim against B becomes worthless in D's hands in 1957. During 1956 and 1957, D is not engaged in any trade or business. D's loss is controlled by the nonbusiness debt provisions even though the original consideration has been advanced by A in his trade or business, since the debt has not been created or acquired in connection with a trade or business of D and since in 1957 D is not engaged in a trade or business incident to the conduct of which a loss from the worthlessness of such claim is a proximate result.

Example (5). In 1956 A dies; and, while his executor, C, is carrying on the business, the claim against B becomes worthless in 1957. The loss sustained by A's estate is not controlled by the nonbusiness debt provisions. While C does not advance any consideration for the claim on behalf of the estate, or create or acquire it in connection with a trade or business in which the estate is engaged, the loss is sustained as a proximate incident to the conduct of the trade or business in which the estate is engaged at the time the debt becomes worthless.

Example (6). In 1956, A, in liquidating the business, attempts to collect the claim against B but finds that it has become worthless. A's loss is not controlled by the nonbusiness debt provisions, since the original consideration has been advanced by A in his trade or business and since a loss incurred in liquidating a trade or business is a proximate incident to the conduct thereof.

§ 1.166-6 Sale of mortgaged or pledged property.

(a) *Deficiency deductible as bad debt—(1) Principal amount.* If mortgaged or pledged property is lawfully sold (whether to the creditor or another purchaser) for less than the amount of the debt, and the portion of the indebtedness remaining unsatisfied after the sale is wholly or partially uncollectible, the mortgagee or pledgee may deduct such amount under section 166(a) (to the extent that it constitutes capital or represents an item the income from which has been returned by him) as a bad debt for the taxable year in which it becomes wholly worthless or is charged off as partially worthless. See § 1.166-3.

(2) *Accrued interest.* Accrued interest may be included as part of the deduction allowable under this paragraph, but only if it has previously been returned as income.

(b) *Realization of gain or loss—(1) Determination of amount.* If, in the case of a sale described in paragraph (a) of this section, the creditor buys in the

mortgaged or pledged property, loss or gain is also realized, measured by the difference between the amount of those obligations of the debtor which are applied to the purchase or bid price of the property (to the extent that such obligations constitute capital or represent an item the income from which has been returned by the creditor) and the fair market value of the property.

(2) *Fair market value defined.* The fair market value of the property for this purpose shall, in the absence of clear and convincing proof to the contrary, be presumed to be the amount for which it is bid in by the taxpayer.

(c) *Basis of property purchased.* If the creditor subsequently sells the property so acquired, the basis for determining gain or loss upon the subsequent sale is the fair market value of the property at the date of its acquisition by the creditor.

§ 1.166-7 Worthless bonds issued by an individual.

(a) *Allowance of deduction.* A bond or other similar obligation issued by an individual, if it becomes worthless in whole or in part, is subject to the bad debt provisions of section 166. The loss from the worthlessness of any such bond or obligation is deductible in accordance with section 166(a), unless such bond or obligation is a nonbusiness debt as defined in section 166(d)(2). If the bond or obligation is a nonbusiness debt, it is subject to section 166(d) and § 1.166-5.

(b) *Decline in market value.* A taxpayer possessing debts evidenced by bonds or other similar obligations issued by an individual shall not be allowed any deduction under section 166 on account of mere market fluctuation in the value of such obligations.

(c) *Worthless bonds issued by corporation.* For provisions allowing the deduction under section 165(a) of the loss sustained upon the worthlessness of any bond or similar obligation issued by a corporation or a government, see § 1.165-5.

(d) *Application to inventories.* This section does not apply to any loss upon the worthlessness of any bond or similar obligation reflected in inventories required to be taken by a dealer in securities under section 471. See § 1.471-5.

§ 1.166-8 Losses of guarantors, endorsers, and indemnitors.

(a) *Noncorporate obligations—(1) Deductible as bad debt.* A payment during the taxable year by a taxpayer other than a corporation in discharge of part or all of his obligation as a guarantor, endorser, or indemnitor of an obligation issued by a person other than a corporation shall, for purposes of section 166 and the regulations thereunder, be treated as a debt's becoming worthless within the taxable year, if—

(i) The proceeds of the obligation so issued have been used in the trade or business of the borrower, and

(ii) The borrower's obligation to the person to whom the taxpayer's payment is made is worthless at the time of payment except for the existence of the guaranty, endorsement, or indemnity,

whether or not such obligation has in fact become worthless within the taxable year in which payment is made.

(2) *Nonbusiness debt rule not applicable.* If a payment is treated as a loss in accordance with the provisions of subparagraph (1) of this paragraph, section 166(d), relating to the special rule for losses sustained on the worthlessness of a nonbusiness debt, shall not apply. Accordingly, in each instance the loss shall be deducted under section 166(a)(1) as a wholly worthless debt even though there has been a discharge of only a part of the taxpayer's obligation. Thus, if the taxpayer makes a payment during the taxable year in discharge of only part of his obligation as a guarantor, endorser, or indemnitor, he may treat such payment under section 166(a)(1) as a debt's becoming wholly worthless within the taxable year, provided that he can establish that such part of the borrower's obligation to the person to whom the taxpayer's payment is made is worthless at the time of payment and the conditions of subparagraph (1) of this paragraph have otherwise been satisfied.

(3) *Other applicable provisions.* Other provisions of the internal revenue laws relating to bad debts, such as section 111, relating to the recovery of bad debts, shall be deemed to apply to any payment which, under the provisions of this paragraph, is treated as a bad debt. If the requirements of section 166(f) are not met, any loss sustained by a guarantor, endorser, or indemnitor upon the worthlessness of the debtor's obligation shall be treated under the provisions of law applicable thereto. See, for example, paragraph (b) of this section.

(b) *Corporate obligations.* The loss sustained during the taxable year by a taxpayer other than a corporation in discharge of all of his obligation as a guarantor of an obligation issued by a corporation shall be treated, in accordance with section 166(d) and the regulations thereunder, as a loss sustained on the worthlessness of a nonbusiness debt if the debt created in the guarantor's favor as a result of the payment does not come within the exceptions prescribed by section 166(d)(2)(A) or (B). See paragraph (a)(2) of § 1.166-5.

(c) *Examples.* The application of this section may be illustrated by the following examples:

Example (1). During 1955, A, an individual who makes his return on the basis of the calendar year, guarantees payment of an obligation of B, an individual, to the X Bank, the proceeds of the obligation being used in B's business. B defaults on his obligation in 1956. A makes payment to the X Bank during 1957 in discharge of his entire obligation as a guarantor, the obligation of B to the X Bank being wholly worthless. For his taxable year 1957, A is entitled to a deduction under section 166(a)(1) as a result of his payment during that year.

Example (2). During 1955, A, an individual who makes his return on the basis of the calendar year, guarantees payment of an obligation of B, an individual, to the X Bank, the proceeds of the obligation being used in B's business. In 1956, B pays a part of his

obligation to the X Bank but defaults on the remaining part. In 1957, A makes payment to the X Bank, in discharge of part of his obligation as a guarantor, of the remaining unpaid part of B's obligation to the bank, such part of B's obligation then being worthless. For his taxable year 1957, A is entitled to a deduction under section 166(a)(1) as a result of his payment of the remaining unpaid part of B's obligation.

Example (3). During 1955, A, an individual who makes his return on the basis of the calendar year, guarantees payment of an obligation of B, an individual, to the X Bank, the proceeds of the obligation being used for B's personal use. B defaults on his obligation in 1956. A makes payment to the X Bank during 1957 in discharge of his entire obligation as a guarantor, the obligation of B to X Bank being wholly worthless. A may not apply the benefit of section 166(f) to his loss, since the proceeds of B's obligation have not been used in B's trade or business.

Example (4). During 1955, A, an individual who makes his return on the basis of the calendar year, guarantees payment of an obligation of Y Corporation to the X Bank, the proceeds of the obligation being used in Y Corporation's business. Y Corporation defaults on its obligation in 1956. A makes payment to the X Bank during 1957 in discharge of his entire obligation as a guarantor, the obligation of Y Corporation to the X Bank being wholly worthless. At no time during 1955 or 1957 is A engaged in a trade or business. For his taxable year 1957, A is entitled to deduct a capital loss in accordance with the provisions of section 166(d) and paragraph (a)(2) of § 1.166-5. He may not apply the benefit of section 166(f) to his loss, since his payment is in discharge of an obligation issued by a corporation.

[SEAL] DANA LATHAM,
Commissioner of Internal Revenue.

Approved: July 24, 1959.

FRED C. SCRIBNER, Jr.,
Acting Secretary of the Treasury.

[F.R. Doc. 59-6291; Filed, July 30, 1959;
8:45 a.m.]

Title 37—PATENTS, TRADE-MARKS, AND COPYRIGHTS

Chapter II—Copyright Office, Library of Congress

PART 202—REGISTRATION OF CLAIMS TO COPYRIGHT

Correction

In Federal Register Document 59-5011, appearing at page 4955 of the issue for Thursday, June 18, 1959, the following change should be made: In § 202.2(b)(6)(iii), the word "copy" in the second line should read "copyright".

Dated: July 29, 1959.

ARTHUR FISHER,
Register of Copyrights.

Approved:

RUTHERFORD D. ROGERS,
Acting Librarian of Congress.

[F.R. Doc. 59-6369; Filed, July 30, 1959;
11:07 a.m.]

Title 43—PUBLIC LANDS: INTERIOR

Chapter I—Bureau of Land Management, Department of the Interior

APPENDIX—PUBLIC LAND ORDERS

[Public Land Order 1888]

[75660]

OREGON

Modifying Boundaries of Rogue River, Umpqua and Mt. Hood National Forests

Correction

In F.R. Doc. 59-5549, appearing at page 5418 of the issue for Friday, July 3, 1959, the following change should be made:

In the first column of page 5419 under "T. 33 S., R. 1 W.", Sec. 32 should read:

Sec. 32, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, and N $\frac{1}{2}$ SE $\frac{1}{4}$;

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 51]

U.S. STANDARDS FOR BROCCOLI FOR PROCESSING¹

Notice of Proposed Rule Making

Notice is hereby given that the United States Department of Agriculture is considering the revision of United States Standards for Broccoli for Processing (7 CFR §§ 51.425 to 51.440) pursuant to the authority contained in the Agricultural Marketing Act of 1946 (secs. 202-208, 60 Stat. 1087, as amended; 7 U.S.C. 1621-1627).

Proposed changes in this revision would permit the elimination of defective portions of stalks of broccoli in the grading process under certain conditions; add definitions for "well trimmed" and "fairly well trimmed"; reword the definitions for "damage" and "serious damage"; amend the wording of "damage by insects"; and, change additional words for reasons of clarity.

All persons who desire to submit written data, views or arguments for consideration in connection with the proposed standards should file the same with the Chief, Fresh Products Standardization and Inspection Branch, Fruit and Vegetable Division, Agricultural

¹Packing of the product in conformity with the requirements of these standards shall not excuse failure to comply with the provisions of the Federal Food, Drug and Cosmetic Act.

Marketing Service, United States Department of Agriculture, South Building, Washington 25, D.C., not later than September 1, 1959.

The proposed standards, as revised, are as follows:

GRADES	
Sec.	
51.425	U.S. No. 1.
51.426	U.S. No. 2.
BASIS FOR GRADING BROCCOLI	
51.427	Basis for grading broccoli.
CULLS	
51.428	Culls.
CULL MATERIAL	
51.429	Cull material.
DEFINITIONS	
51.430	Stalk.
51.431	Fresh.
51.432	Tender.
51.433	Good characteristic color.
51.434	Compact heads.
51.435	Well trimmed.
51.436	Damage.
51.437	Fairly compact heads.
51.438	Fairly well trimmed.
51.439	Serious damage.
51.440	Diameter.

AUTHORITY: §§ 51.425 to 51.440 issued under secs. 202-208, 60 Stat. 1087, as amended; 7 U.S.C. 1621-1627.

GRADES

§ 51.425 U.S. No. 1.

"U.S. No. 1" consists of stalks or portions of stalks of broccoli (see § 51.427) which are fresh, tender, and have good characteristic color and compact heads, are well trimmed and which are free from decay and cull material, and are free from damage caused by discoloration, freezing, hollow stem or pithiness, scars, dirt or other foreign material, disease, insects or mechanical or other means.

(a) Unless otherwise specified, the length shall be not more than 6 inches nor less than 4 inches, and the diameter of the stem shall be not less than three-eighths inch (see § 51.429).

§ 51.426 U.S. No. 2.

"U.S. No. 2" consists of stalks or portions of stalks of broccoli (see § 51.427) which are fresh, tender, and have good characteristic color and fairly compact heads, are fairly well trimmed and which are free from decay and cull material and are free from damage caused by scars, dirt or other foreign material, disease, insects, are free from serious damage caused by discoloration, freezing, hollow stem or pithiness or mechanical or other means.

(a) Unless otherwise specified, the length shall be not more than 6 inches nor less than 3 inches, and the diameter of the stem shall be not less than one-fourth inch (see § 51.429).

BASIS FOR GRADING BROCCOLI

§ 51.427 Basis for grading broccoli.

Stalks of broccoli shall be halved or quartered lengthwise to remove defective portions; except that stalks with heads smaller than 1½ inches in diameter shall

not be cut to remove defective portions, but shall be treated as a whole stalk (see § 51.429). The stalk shall be cut so that a proportionate ratio of head material to stem material is maintained.

CULLS

§ 51.428 Culls.

"Culls" are stalks of broccoli which fail to meet the requirements of either of the foregoing grades.

CULL MATERIAL

§ 51.429 Cull material.

"Cull material" means all foreign material, any portion of the stem in excess of the maximum length specified, all stalks under the minimum length specified for the U.S. No. 2 grade, and all coarse, damaged and discolored leaves, and leaves extending more than 1½ inches above the top of the head.

DEFINITIONS

§ 51.430 Stalk.

"Stalk" means an individual unit of broccoli which consists of the stem, head cluster and any attached leaves.

§ 51.431 Fresh.

"Fresh" means that the broccoli is not badly wilted or excessively flabby.

§ 51.432 Tender.

"Tender" means that the broccoli stem within the specified maximum length is succulent, and practically free from fibrous material and is not tough or stringy.

§ 51.433 Good characteristic color.

"Good characteristic color" means that the stem and external portion of the head has a light green or darker shade of green color, except that purplish color shall also be allowed on the external portion of the head.

§ 51.434 Compact head.

"Compact head" means that the individual head is closely formed, not open or spread to the extent that it has a loose appearance, and that the individual florets are fairly tightly formed and not more than moderately elongated.

§ 51.435 Well trimmed.

"Well trimmed" means that the presence of small side shoots or ragged or partially removed side shoots or leaves does not materially detract from the appearance of the stalk.

§ 51.436 Damage.

"Damage", unless otherwise specifically defined in this section, means any defect which more than slightly detracts from the appearance, or the processing or edible quality of the stalk, within the maximum length specified. Any one of the following defects, or any combination of defects the seriousness of which exceeds the maximum allowed for any one defect, shall be considered as damage:

(a) Discoloration when more than very slight, or which will not change to

light green or darker shade of green color in the ordinary process of blanching;

(b) Freezing when causing more than slight discoloration of the individual stalk;

(c) Hollow stem or pithiness when discolored, or when more than slightly detracting from the appearance of the individual stalk;

(d) Scars when discolored, or when more than slight or superficial;

(e) Dirt or other foreign material which cannot be removed in the ordinary washing process;

(f) Disease when showing discoloration, or when more than slightly detracting from the appearance, or the processing or edible quality; and,

(g) Insects when the broccoli is more than slightly infected or more than slightly blemished by feeding or other means.

§ 51.437 Fairly compact head.

"Fairly compact head" means that the individual head is fairly closely formed and not excessively spread and that the florets are not on the verge of opening and will not open in the ordinary process of blanching.

§ 51.438 Fairly well trimmed.

"Fairly well trimmed" means that the presence of small side shoots or ragged or partially removed side shoots or leaves does not seriously detract from the appearance of the stalk.

§ 51.439 Serious damage.

"Serious damage", unless otherwise specifically defined in this section, means any defect which materially detracts from the appearance, or the processing or edible quality of the stalk, within the maximum length specified. Any one of the following defects, or any combination of defects the seriousness of which exceeds the maximum allowed for any one defect, shall be considered as serious damage:

(a) Discoloration when the appearance of the individual stalk is materially affected;

(b) Freezing when causing discoloration which materially detracts from the appearance of the individual stalk; and,

(c) Hollow stem or pithiness when discolored, or when materially detracting from the appearance of the individual stalk. Stalks which show a ragged appearance or deep holes shall be considered as serious damage.

§ 51.440 Diameter.

"Diameter" means the greatest thickness of the stem measured at a point 6 inches from the top of the head, except that stems which are less than 6 inches in length shall be measured at the base of the stem.

Dated: July 28, 1959.

ROY W. LENNARTSON,
Deputy Administrator,
Marketing Services.

[F.R. Doc. 59-6310; Filed: July 30, 1959;
8:47 a.m.]

[7 CFR Part 1028]

[Docket No. AO-314]

**MILK IN CENTRAL ILLINOIS
MARKETING AREA****Postponement of Hearing on Proposed
Marketing Agreement and Order**

Notice is hereby given that the hearing on a proposed marketing agreement and order regulating the handling of milk in the Central Illinois marketing area originally scheduled to begin at 10:00 a.m. August 11, 1959 (24 F.R. 5908) in the Illinois Hotel, Bloomington, Illinois, is hereby postponed until August 25, 1959. The time and place remain the same.

Done at Washington, D.C., this 28th day of July 1959.

ROY W. LENNARTSON,
Deputy Administrator.

[F.R. Doc. 59-6311; Filed, July 30, 1959;
8:47 a.m.]

[7 CFR Part 1023]

[Docket No. AO-295-A1]

**MILK IN DES MOINES, IOWA,
MARKETING AREA****Notice of Extension of Time for Filing
Exceptions to Recommended Decision
on Proposed Amendments to
Tentative Marketing Agreement
and to Order**

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given that the time for filing exceptions to the recommended decision with respect to the proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Des Moines, Iowa, marketing area, which was issued July 21, 1959 (24 F.R. 5943), is hereby extended to August 3, 1959.

Dated: July 28, 1959.

ROY W. LENNARTSON,
Deputy Administrator.

[F.R. Doc. 59-6312; Filed, July 30, 1959;
8:48 a.m.]

**DEPARTMENT OF HEALTH, EDU-
CATION, AND WELFARE****Food and Drug Administration**

[21 CFR Part 46]

**NUT FOOD PRODUCTS; DEFINITIONS
AND STANDARDS OF IDENTITY****Peanut Butter; Extension of Time for
Filing Views and Comments**

A request has been received for an extension of time for filing views and com-

ments upon the proposal to establish a definition and standard of identity for peanut butter which was published in the FEDERAL REGISTER of July 2, 1959 (24 F.R. 5391).

Pursuant to the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (secs. 401, 701, 52 Stat. 1046, 1055, as amended 70 Stat. 919; 21 U.S.C. 341, 371), and delegated to the Commissioner of Food and Drugs by the Secretary (22 F.R. 1045, 23 F.R. 9500), the time for filing views and comments in the above-referenced matter is extended to September 1, 1959.

Dated: July 23, 1959.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 59-6294; Filed, July 30, 1959;
8:46 a.m.]

FEDERAL AVIATION AGENCY

[14 CFR Part 600]

[Airspace Docket No. 59-WA-26]

**FEDERAL AIRWAYS AND CONTROL
AREAS****Modification of Federal Airway and
Associated Control Areas**

Pursuant to the authority delegated to me by the Administrator (§ 409.13, 24 F.R. 3499), notice is hereby given that the Federal Aviation Agency is considering an amendment to § 600.217 of the regulations of the Administrator, as hereinafter set forth.

Red Federal airway No. 17 presently extends from Rantoul, Ill., via the Baltimore, Md., radio range station, to the point of intersection of the east course of Baltimore, Md., radio range and the southwest course of the Millville, N.J., radio range (Price, Md., Intersection). An IFR Peak-Day Airway Traffic Survey for each half of the calendar year 1958, shows aircraft movements for the segment from the Baltimore, Md., radio range station, to the Price, Md., Intersection as fifteen and seven movements, respectively. On the basis of the survey, it appears that the retention of this airway segment and its associated control areas is unjustified as an assignment of airspace and that the revocation thereof would be in the public interest. If such action is taken, Red Federal airway No. 17 and its associated control areas would then extend from Rantoul, Ill., to the Baltimore, Md., radio range station. The control areas associated with Red Federal airway No. 17 are so designated and described that they will automatically conform to the modified airway. Accordingly, no amendment relating to such control areas would be necessary.

Interested persons may submit such written data, views or arguments as they may desire. Communications should be submitted in triplicate to the Regional Administrator, Federal Aviation Agency, New York International Airport, Jamaica, Long Island, New York. All communications received within thirty days after

publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Agency officials may be made by contacting the Regional Administrator, or the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C. Any data, views or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official Docket will be available for examination by interested persons at the Docket Section, Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. An informal Docket will also be available for examination at the office of the Regional Administrator.

This amendment is proposed under sections 307(a) and 313(a) of the Federal Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).

In consideration of the foregoing, it is proposed to revoke the segment of Red Federal airway No. 17 from the Baltimore, Md., radio range to the Price, Md., Intersection by amending § 600.217, as amended (14 CFR, 1958 Supp. 600.217, 24 F.R. 2645) as follows:

1. In § 600.217 *Red Federal airway No. 17 (Rantoul, Ill., to Baltimore, Md.)*, delete "Baltimore, Md., radio range station to the intersection of the east course of the Baltimore, Md., radio range and the southwest course of the Millville, N.J., radio range, except that the portion of the Federal airway which overlaps the Aberdeen restricted area (R-54) (published in § 608.28 of this chapter) shall be used only after obtaining prior approval from Civil Aeronautics Administration Air Traffic Control," and substitute therefor "to the Baltimore, Md., radio range station."

Issued in Washington, D.C., on July 24, 1959.

D. D. THOMAS,
Director,
Bureau of Air Traffic Management.

[F.R. Doc. 59-6287; Filed, July 30, 1959;
8:45 a.m.]

[14 CFR Parts 600, 601]

[Airspace Docket No. 59-KC-19]

**FEDERAL AIRWAYS AND CONTROL
AREAS****Revocation of Federal Airway, Asso-
ciated Control Areas and Com-
pulsory Reporting Points**

Pursuant to the authority delegated to me by the Administrator (§ 409.13, 24 F.R. 3499), notice is hereby given that the Federal Aviation Agency is considering an amendment to Parts 600 and 601 of the regulations of the Administrator, as hereinafter set forth.

Red Federal airway No. 28 presently extends from Chicago, Ill., to Grand Rapids, Mich., and from Lansing, Mich., to Detroit, Mich. An IFR Peak-Day Airway Traffic Survey for each half of the calendar year 1958, shows aircraft movements for segments of the airway between Chicago, Ill., and Benton Harbor, Mich., zero and zero respectively; Benton Harbor, Mich., to Grand Rapids, Mich., five and one respectively; Lansing, Mich., to Detroit, Mich., one and six respectively. On the basis of the survey, it appears that the retention of this airway and its associated control areas is unjustified as an assignment of airspace, and that the revocation thereof would be in the public interest. If such action is taken, § 601.4228, relating to the associated compulsory reporting points, would also be revoked.

Interested persons may submit such written data, views or arguments as they may desire. Communications should be submitted in triplicate to the Regional Administrator, Federal Aviation Agency, 4825 Troost Avenue, Kansas City 10, Mo. All communications received within thirty days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Agency officials may be made by contacting the Regional Administrator, or the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C. Any data, views or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official Docket will be available for examination by interested persons at the Docket Section, Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. An informal Docket will also be available for examination at the office of the Regional Administrator.

This amendment is proposed under sections 307(a) and 313(a) of the Federal Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).

In consideration of the foregoing, it is proposed to amend Part 600 and 601 (14 CFR 1958 Supp. 600, 601) as follows:

1. Section 600.228 *Red Federal airway No. 28 (Chicago, Ill., to Detroit, Mich.)* is revoked.

2. Section 601.228 *Red Federal airway No. 28 control areas (Chicago, Ill., to Detroit, Mich.)* is revoked.

3. Section 601.4228 *Red Federal airway No. 28 (Chicago, Ill., to Detroit, Mich.)* is revoked.

Issued in Washington, D.C., on July 24, 1959.

D. D. THOMAS,
Director,

Bureau of Air Traffic Management.

[F.R. Doc. 59-6285; Filed, July 30, 1959; 8:45 a.m.]

[14 CFR Parts 600, 601]

[Airspace Docket No. 59-WA-16]

FEDERAL AIRWAYS AND CONTROL AREAS

Revocation of Segment of Federal Airway, Associated Control Areas and Compulsory Reporting Points

Pursuant to the authority delegated to me by the Administrator (§ 409.13, 24 F.R. 3499), notice is hereby given that the Federal Aviation Agency is considering an amendment to §§ 600.606, 601.606 and 601.4606 of the regulations of the Administrator, as hereinafter set forth.

Blue Federal airway No. 6 presently extends from Springfield, Ill., to Peoria, Ill., and from North Liberty, Ind., to Muskegon, Mich. An IFR Peak-Day Airway Traffic Survey for each half of the calendar year 1958, shows aircraft movements for segments of the airway from Springfield, Ill., to Peoria, Ill., as zero and three movements respectively; North Liberty, Ind., to South Bend, Ind., four and zero movements respectively; South Bend, Ind., to Benton Harbor, Mich., zero aircraft movements. On the basis of the survey it appears that the retention of these airway segments and associated control areas is unjustified as an assignment of airspace, and that the revocation thereof would be in the public interest. If such action is taken, Blue Federal airway No. 6 and the control areas associated with it would then extend from the intersection of the northeast course of the Chicago, Ill., radio range and the southwest course of the Grand Rapids, Mich., radio range to the Muskegon, Mich., radio range station. In addition the caption to § 601.4606, relating to the associated compulsory reporting points, will have to be amended.

Interested persons may submit such written data, views or arguments as they may desire. Communications should be submitted in triplicate to the Regional Administrator, Federal Aviation Agency, 4825 Troost Avenue, Kansas City 10, Mo. All communications received within thirty days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Agency officials may be made by contacting the Regional Administrator, or the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C. Any data, views or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official Docket will be available for examination by interested persons at the Docket Section, Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. An informal Docket will also be available for examination at the office of the Regional Administrator.

This amendment is proposed under sections 307(a) and 313(a) of the Fed-

eral Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).

In consideration of the foregoing, it is proposed to revoke the Springfield, Ill., to Peoria, Ill., and the North Liberty, Ind., to Benton Harbor, Mich., segments of Blue Federal airway No. 6 by amending §§ 600.606, 601.606 and 601.4606 (14 CFR 1958 Supp. 600.606, 601.606, 601.4606) as follows:

1. In § 600.606 *Blue Federal airway No. 6 (Springfield, Ill., to Muskegon, Mich.)*

(a) Delete "(Springfield, Ill., to Muskegon, Mich.)". Substitute therefor "(Bangor, Mich., to Muskegon, Mich.)".

(b) Delete "From the Springfield, Ill., RR to the Peoria, Ill., RR. From the INT of the west course of the Goshen, Ind., RR and the south course of the South Bend, Ind., RR via the South Bend, Ind., RR to the INT of the North course of the South Bend, Ind., RR and the northeast course of the Chicago, Ill., RR."

2. In § 601.606 *Blue Federal airway No. 6 control areas (Springfield, Ill., to Muskegon, Mich.)*, delete "(Springfield, Ill., to Muskegon, Mich.)". Substitute therefor "(Bangor, Mich., to Muskegon, Mich.)".

3. In § 601.4606 *Blue Federal airway No. 6 (Springfield, Ill., to Muskegon, Mich.)*, delete "(Springfield, Ill., to Muskegon, Mich.)". Substitute therefor "(Bangor, Mich., to Muskegon, Mich.)".

Issued in Washington, D.C., on July 24, 1959.

D. D. THOMAS,
Director,

Bureau of Air Traffic Management.

[F.R. Doc. 59-6286; Filed, July 30, 1959; 8:45 a.m.]

NOTICES

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 12879; FCC 59M-950]

FREDERIC C. DOUGHTY

Order Changing Place of Hearing

In the matter of Frederic C. Doughty, Springfield, Pennsylvania, Docket No. 12879; suspension of amateur radio operator license (W3PHL).

It is ordered, This 24th day of July 1959, upon request of the respondent and with the consent of the Chief, Safety and Special Radio Services Bureau, that the place of hearing in the above-entitled proceeding, which was scheduled to be held in Washington, D.C., before Hearing Examiner Isadore A. Honig on September 29, 1959, is changed to Philadelphia, Pennsylvania.

Released: July 27, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6301; Filed, July 30, 1959; 8:47 a.m.]

[File No. BP-11230; FCC 59-751]

**ELECTRONIC ENTERPRISES, INC.
(WITA)****Memorandum Opinion and Order**

In re application of Electronic Enterprises, Inc. (WITA), San Juan, Puerto Rico, has 1140 kc, 500 w, Unl., requests 1030 kc, 1 kw, Unl., File No. BP-11230; for construction permit.

1. The Commission has before it for consideration the above-captioned and described application by Electronic Enterprises, Inc. (WITA, hereinafter); a "Petition for Waiver of or Exception to Public Notice of August 9, 1946" filed on May 15, 1958 by WITA; oppositions thereto filed on May 23 and 28, 1958 by Westinghouse Broadcasting Company, Inc. (WBZ, Boston, Massachusetts) and American Broadcasting-Paramount Theatres, Inc. (WABC, New York, N.Y.), respectively; replies by WITA on May 28 and June 13, 1958; an "Opposition and Motion To Dismiss" filed by WBZ on May 26, 1959, and opposition thereto and motion to strike filed by WITA on June 8, 1959; and a "Petition To Place Application in Pending File" filed by WABC on June 3, 1959, and opposition thereto and motion to strike filed by WITA on June 15, 1959.

2. WITA here seeks immediate consideration of its above application, which, it contends, is not subject to the provisions of the Commission's Public Notice of August 9, 1946 requiring that action be withheld on all proposals for 1030 kilocycles until conclusion of the proceedings in Docket No. 6741 on the "clear channel" matter. WITA requests that the Public Notice be waived if it is considered applicable.

3. The said Notice provides as follows: The frequency 770 kc under the Commission's rules as presently written remains a I-A channel although KOB operates on it under a special service authorization, while 1030 kc under the Commission's rules remains a I-B channel even though no other station operates on that frequency nighttime. An anomalous situation, therefore, exists as far as the frequencies 770 and 1030 kc are concerned. The Commission is desirous of resolving this situation as soon as possible but cannot do so effectively until after the conclusion of the clear channel hearing. Accordingly, it is proposed that the KOB application and all other applications for operation on 770 and 1030 kc be placed in the pending file until after a decision in the clear channel hearing. Any applications which may be filed in the future for operation on either of these two frequencies will likewise be put in the pending files.¹

¹ This Public Notice was necessitated by the anomalous situation of KOB's being licensed on 1030 kc with 10 kw power but operating, pursuant to a special service authorization, on 770 kc, with 50 kw power. This situation arose because no provision was made under the 1940 NARBA for certain United States stations on 1180 kc (including KOB) to continue operating on that frequency. Thus, new assignments had to be found for them on frequencies already assigned to other United States stations. KOB has been licensed to operate with 10 kw on

4. WITA states that the Commission has specified in § 1.351* of its rules the types of applications for § 3.25 (a) and (b) frequencies which will be held without action pending conclusion of proceedings in Docket 8333 on the "daytime skywave" matter. WITA contends that its instant proposal is not in contravention of § 1.351; that the condition announced in 1946 by Public Notice has been eliminated or discarded; that the condition was not later incorporated in § 3.25(a) of the rules and that the Commission has subsequently referred to 1030 kc as a I-B channel on several occasions, including the Commission's "Further Notice of Proposed Rule Making", released April 15, 1958, concerning United States Class I-A channels. Alternatively, Petitioner alleges that, if the Public Notice was not superseded by the later-adopted rules, the provisions of the Notice should be waived here because "the reason for the prohibition does not apply in the instant case since the subject proposal of WITA would cause no interference to any other station on 1030 kc."

5. In its opposition to the instant petition, WBZ alleges that it is entitled to protection as a Class I-A station; that such protection precludes a grant of the instant application; that WBZ operated many years as a Class I-A station (unduplicated at night) prior to the reallocation of frequencies under the 1940 NARBA; that WBZ filed a timely protest to the preliminary list of NARBA assignments released September 11, 1940, in which the Commission proposed to assign KOB to 1030 kc and reclassify the channel as well as WBZ from I-A to I-B; that WBZ has not been granted the hearing on its protest as required by statute; and that a grant of the subject WITA petition prior to a final decision in the KOB and clear channel proceedings would prejudice WBZ's rights in these proceedings, in which the future status of 1030 kc is at issue.²

6. In its Reply to WBZ's Opposition, WITA points out that 1030 kc is listed in § 3.25(b) of the Commission rules as a Class I-B clear channel and that it has been so referred to in other Commission notices. WITA argues that there is no question of whether WBZ should be a Class I-A station in the KOB proceeding (Docket Nos. 6584 and 6585), but merely whether WBZ should protect KOB, both being Class I-B stations, or whether KOB should be a Class II station protecting

1030 kc, since March 29, 1941, but was issued a Special Service Authorization June 3, 1941, to increase power to 50 kw day and 25 kw night. Subsequently, however, field intensity measurement data indicated that KOB's service area would be more extensive on 770 kc and, accordingly, on its own motion, the Commission modified KOB's SSA to specify 770 kc in lieu of 1030 kc. Oppositions filed by WBZ (operating on 1030 kc) and WABC (operating on 770 kc), were among the matters considered in the KOB proceeding (Dockets 6584 and 6585) on which a final decision was adopted September 3, 1958, but against which WABC has an outstanding petition for reconsideration.

² The September 3, 1958, KOB decision to assign KOB to 770 kc, leaves WBZ the only United States nighttime station on 1030 kc.

WBZ as a Class I-B station. WITA notes that the Commission, in a Notice in Docket No. 6741, stated that 1030 kc is a Class I-B clear channel on which a new unlimited time station could be assigned; that WBZ has been a party to the KOB proceedings and has had ample opportunity to be heard with regard to its 1940 protest to the reclassification of 1030 kc and KOB from I-A to I-B status; that since the Commission did not propose to reclassify 1030 kc as a Class I-A clear channel, it is urged that it be treated as a Class I-B clear channel on which additional assignments can be made.

7. In its opposition to the instant petition, WABC contends that the WITA application should not be granted because such action would prejudice pending proceedings before the Commission, Docket 6741 (Clear Channel Hearing), and Dockets 6584 and 6585 (KOB case). WABC further asserts, on the basis of an engineering affidavit, that a grant of the WITA application would result in interference to WBZ, thereby providing WBZ with additional reasons for opposing the return of KOB, Albuquerque, New Mexico to 1030 kc (WBZ's frequency).

8. In a reply to the WABC opposition, WITA alleges that "it is clear that WABC is seeking to use the captioned matter as a vehicle to further wage its contest against WBZ on the question of which frequency KOB should be permanently assigned, i.e., to 770 kc, WABC's frequency, or to 1030 kc, WBZ's channel; that, as the Commission is aware, the evidentiary hearing has been held in the KOB case and the decision released assigning KOB to 770 kc; that WABC's only ground for opposing WITA's petition has been shown to be without merit."

9. In the "Opposition and Motion to Dismiss" filed May 26, 1959, by WBZ, it is pointed out that the WITA application is in conflict with the Commission's policy announced in the Public Notice of August 9, 1946 (see paragraphs 2 and 3 above); that an application tendered for filing by Charles E. Halstead, Jr., et al., on January 15, 1958, was returned by the Commission with a letter dated February 17, 1958, in which the Commission advised the applicant that further action on the application would be withheld pursuant to the Public Notice of August 9, 1946; that the oppositions to the application of the Northern California Broadcasting Company, File No. BP-11738, for a new standard broadcast station to operate on 1030 kc filed by WBZ and WABC are equally applicable to the WITA application; that the "applicant admits that the proposed 10% field intensity [of WITA] will exceed 25 uv/m in the area of Charleston, South Carolina, but makes no showing of the area and population subject to this interference"; that the classification of 1030 kilocycles as a Class I-B channel is under protest by WBZ and, thus, before another station could operate on 1030 kilocycles, the Commission would have to grant WBZ a hearing pursuant to Section 316 of the

* The application tendered on January 15, 1958, to which WBZ refers, was returned by the Commission because the application was incomplete in several respects.

Communications Act of 1934, as amended; that "a reduction of WBZ's classification would be clearly contrary to the public interest"; and that the North American Regional Broadcasting Agreement of 1950, now awaiting ratification of the United States Senate, classifies the frequency 1030 kilocycles as a Class I-A clear channel and to permit WITA to operate on 1030 kilocycles at night would be contrary to the provisions of said agreement and would "jeopardize the ultimate issuance of the consent of the Senate and will prove embarrassing to the United States in international radio relations".

10. For the foregoing reasons, WBZ moves the Commission to dismiss the WITA application as "ineligible for processing", or, in the alternative to withhold action on the WITA application pending (a) the resolution of the issues in the KOB matter (Docket No. 6584); (b) the ratification and entry into force of the North American Regional Broadcasting Agreement; and (c) the grant of a hearing to WBZ on the reclassification of its I-A clear channel, whichever shall last occur.

11. WITA's opposition of June 8, 1959, to WBZ's pleading of May 26, 1959, requests the Commission to dismiss or strike the said WBZ pleading on the ground that it is repetitious, was filed without leave of the Commission as required by Section 1.13 of the Commission rules, was improperly served because a copy of said pleading was not sent to counsel for WITA, was not sufficient in light of § 1.352(d) of the rules which requires that a petition to place an application in the pending file must be filed in quintuplicate and accompanied by an affidavit of a qualified radio engineer setting forth the basis for the petition, and is without merit for reasons set forth in the pleadings previously filed by WITA.

12. By pleading filed June 4, 1959, WABC urged that the WITA application be placed in the pending file in accordance with the August 9, 1946 Public Notice and that WABC would be prejudiced by any new unlimited time grants on 1030 kilocycles because such grants would render more difficult the return of Station KOB to operation on 1030 kilocycles.

13. On June 15, 1959, WITA filed an opposition to WABC's pleading of June 4, 1959, in which WITA contends that the WABC pleading must be stricken or dismissed because the pleading is repetitious, was filed in violation of § 1.13 of the rules which requires authorization by the Commission to file additional pleadings, was improperly served because counsel for WITA was not served a copy in accordance with the requirements of § 1.56(a) of the rules, is insufficient in the light of § 1.352(d) of the rules which requires filing in quintuplicate with accompanying engineering affidavit of a petition to place an application in the pending file. WITA further contends that WABC which operates on a frequency 260 kilocycles removed from the frequency requested by WITA is without standing to oppose the WITA application and that WABC's contentions with re-

spect to the WITA application are without merit for reasons advanced in pleadings previously filed by WITA.

14. 1030 kc is listed in § 3.25(b) of the Commission rules as a Class I-B channel as a result of the shift of frequencies necessitated by the 1940 NARBA and the assignment of KOB to the channel in March 1941. Subsequently, however, KOB was granted a Special Service Authorization to operate on 770 kc (a Class I-A channel), leaving WBZ the only nighttime facility on 1030kc, within the United States. Because of the anomalous situation of KOB being licensed on 1030 kc but operating on 770 kc pending a decision with regard to which channel (770 or 1030 kc) KOB would be permanently assigned, the Commission released the aforementioned Public Notice of August 9, 1946, stating that the anomalous situation with respect to 770 and 1030 kilocycles could not be effectively resolved until conclusion of the Clear Channel Hearing.

The decision in the KOB matter, adopted September 3, 1958 and against which there is an outstanding petition for reconsideration filed by WABC, contemplates KOB's assignment to 770 kc, thereby leaving WBZ the only U.S. nighttime station on 1030 kc. Thus, it is clear why both channels have been treated as Class I-A and why 1030 kc must be further treated as a I-A frequency pending a decision with respect to the outstanding WABC petition against the decision in the KOB matter, and pending a decision with respect to the Clear Channel matter. The Commission's views concerning the 1030 kc channel are set forth in Albuquerque Broadcasting Co. (KOB), 25 FCC 683, 785, 16 Pike and Fischer R.R. 765, 874, wherein it is noted that "if the 1950 NARBA treaty is ratified, under its provisions 1030 kc would be classified as a I-A channel and as such would be the only I-A channel in the area comprising the six New England States. It would be incongruous in such event to deprive the New England States of their only I-A station by assigning KOB to share 1030 kc with WBZ in Boston while leaving the Middle Atlantic States with 6 Class I-A and 6 Class I-B stations."

15. The projected reclassification of the 1030 channel would be prejudiced by a grant of WITA's instant proposal, which exceeds the permissible limits of radiation to the continental United States if 1030 kc is protected as a Class I-A channel. Under § 3.25(a), of the Commission rules, an application for operation in Puerto Rico cannot be granted for a U.S. Class I-A channel if a skywave signal in excess of 25 microvolts, 10 percent of the time, is delivered at any point within the continental United States. WITA notes that its proposal would deliver a 25-microvolt per meter signal, 10 percent skywave signal at Charleston, South Carolina. Furthermore, WITA's data indicates that WBZ delivers a 0.5 mv./m. skywave signal at Charleston 50 percent of the time. Thus, according to the Commission's rules, the WITA proposal also fails to protect the WBZ secondary service area. The applicant's calculations on an RSS basis with regard to protection to the WBZ

secondary service area are not appropriate for a Class I channel.

16. The Commission is of the opinion that the foregoing considerations necessitate the denial of WITA's requests here under consideration without regard to any relief to which WBZ and WABC deem themselves entitled. Accordingly, and since WITA has raised certain questions with respect to the sufficiency of certain of the pleadings filed by WBZ and WABC,

It is ordered, That the above-referenced pleadings of WBZ and WABC are granted to the extent provided for herein, and, in all other respects, are denied.

It is further ordered, That the request of WITA for a waiver of, or exception to, the Commission's Public Notice of August 9, 1946, is denied. This application was inadvertently included in the Commission's Public Notice of April 9, 1959, setting forth applications available and ready for processing, and it is hereby deleted therefrom.

Adopted: July 22, 1959.

Released: July 27, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6302; Filed, July 30, 1959;
8:47 a.m.]

[Docket No. 12881; FCC 59M-951]

STANLEY M. HAUSER

Order Scheduling Hearing

In the matter of Stanley M. Hauser, 27 West 84th Street, New York 24, New York, Docket No. 12881; application for renewal of radiotelegraph and radiotelephone first class operator licenses Nos. T11-2-1093; P1-2-6990.

It is ordered, This 24th day of July 1959, that Millard F. French will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on October 12, 1959, in Washington, D.C.

Released: July 27, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6303; Filed, July 30, 1959;
8:47 a.m.]

[Docket No. 12903; FCC 59M-953]

RUDOLPH WILLIAM JONES

Order Scheduling Hearing

In the matter of Rudolph William Jones, 115 Ashland Place, Brooklyn 1, New York, Docket No. 12903; application for renewal of radiotelegraph second-class operator license No. T2-2-1586.

It is ordered, This 24th day of July 1959, that Millard F. French will preside at the hearing in the above-entitled proceeding which is hereby scheduled to

commence on October 16, 1959, in Washington, D.C.

Released: July 27, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6304; Filed, July 30, 1959;
8:47 a.m.]

[Docket No. 12831; FCC 59-747]

NORTH SHORE BROADCASTING CO., INC., ET AL.

Order Designating Applications for Consolidated Hearing on Stated Issues

In re applications of North Shore Broadcasting Co., Inc., Wauwatosa, Wisconsin, requests 1590 kc, 1 kw, DA-Day, Docket No. 12831, File No. BP-11768; Suburbanaire, Inc., West Allis, Wisconsin, requests 1590 kc, 1 kw, DA-Day, Docket No. 12832, File No. BP-12511; Watertown Radio, Inc. (WTTN), Watertown, Wisconsin, has 1580 kc, 250 w, Day, requests 1580 kc, 250 w, 1 kw (CR) Day, Docket No. 12948, File No. BP-12920; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C. on the 22d day of July 1959;

The Commission having under consideration the above-captioned and described applications;

It appearing that by order adopted April 8, 1959, and released on April 14, 1959, the Commission designated for hearing in a consolidated proceeding, the above-captioned applications of North Shore Broadcasting Co., Inc., and Suburbanaire, Inc.; that the application of Watertown Radio, Inc. (WTTN) was tendered for filing on March 12, 1959 and is, therefore, entitled to be consolidated in said hearing, pursuant to § 1.106 of the Commission rules; and

It further appearing that except as indicated by the issues specified below, North Shore Broadcasting Co., Inc., Suburbanaire, Inc., and Watertown Radio, Inc., are legally, technically, financially, and otherwise qualified to construct and operate their instant proposals; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated June 24, 1959, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of any one of the applications would serve the public interest, convenience, and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing that Watertown Radio, Inc., filed a timely reply to the aforementioned letter, which reply has not, however, entirely eliminated the grounds and reasons precluding a grant without hearing of the said application;

and in which the applicant stated that it would appear at a hearing on the instant application; and

It further appearing that after consideration of the foregoing and the applicant's reply, the Commission is still unable to make the statutory finding that a grant of the application would serve the public interest, convenience, and necessity; and is of the opinion that the application must be designated for hearing on the issues specified below:

It is ordered, That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant application of Watertown Radio, Inc., is consolidated for hearing in the proceeding in Docket Nos. 12831 and 12832, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine the areas and populations which would receive primary service from the proposed operations of North Shore Broadcasting Co., Inc., and Suburbanaire, Inc.

2. To determine the areas and populations which may be expected to gain or lose primary service from the proposed operation of Station WTTN and the availability of other primary service to such areas and populations.

3. To determine whether the instant proposal of Watertown Radio, Inc., to increase the power of Station WTTN would involve objectionable interference with the proposal of Russell G. Salter for Aurora, Illinois (File No. BP-11380, Docket No. 12617) or any existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

4. To determine whether considerations with respect to section 307(b) of the Communications Act of 1934, as amended, are applicable to the instant proceeding, and, if so, which of the proposals herein would best provide a fair, efficient and equitable distribution of radio service.

5. To determine, in the event it is concluded pursuant to the foregoing issue that a choice cannot be made between the proposals for Wauwatosa and West Allis, Wisconsin, on considerations relating to section 307(b), which of the said two proposals would better serve the public interest in light of the evidence adduced pursuant to the foregoing issues and the record made with respect to the significant differences between the applicants as to:

a. The background and experience of each having a bearing on the applicant's ability to own and operate the proposed station.

b. The proposals of each of the instant applicants with respect to the management and operation of the proposed station.

c. The programming service proposed in each of the instant applications.

6. To determine, in the light of the evidence adduced, pursuant to the foregoing issues which, if any of the instant applications should be granted.

It is further ordered, That the above issues shall supersede the issues in the Commission's Order of April 8, 1959,

designating for hearing the first two above-captioned applications.

It is further ordered, That Russell G. Salter, applicant for a new standard broadcast station at Aurora, Illinois, is made a party to the proceeding.

It is further ordered, That to avail themselves of the opportunity to be heard, Watertown Radio, Inc., and Russell G. Salter, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within twenty (20) days of the mailing of this Order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

It is further ordered, That the issues in the above-captioned proceeding may be enlarged by the Examiner, on his own motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue:

To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 27, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6305; Filed, July 30, 1959;
8:47 a.m.]

[Docket Nos. 12957-12959; FCC 59-757]

PIONEER BROADCASTING CO. ET AL.

Order Designating Applications for Consolidated Hearing on Stated Issues

In re applications of Pioneer Broadcasting Company, Spanish Fork, Utah, requests 1480 kc, 1 kw, Day, Docket No. 12957, File No. BP-11678; Jack E. Falvey and Harry Saxe, d/b as Fortune Broadcasting, Salt Lake City, Utah, requests 1470 kc, 1 kw, Day, Docket No. 12958, File No. BP-12239; United Broadcasting Company (KVOG), Ogden, Utah, has 1490 kc, 250 w, U, requests 1490 kc, 250 w, 1 kw-LS, U, Docket No. 12959, File No. BP-12260; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 22d day of July 1959;

The Commission having under consideration the above-captioned and described applications;

It appearing that except as indicated by the issues specified below, each of the applicants is legally, technically, financially, and otherwise qualified to construct and operate its instant proposal; and

It further appearing that measurement data submitted May 4, 1959, by KVOG on the KVOG signal indicate that slight interference would result to KVOG from the proposed operation of Pioneer Broadcasting Company; and

It further appearing that pursuant to § 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated March 16, 1959, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of any one of the applications would serve the public interest, convenience, and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing that the instant applicants filed timely replies to the aforementioned letter, which replies have not, however, entirely eliminated the grounds and reasons precluding a grant of the said applications and requiring a hearing on the particular issues hereinafter specified; and in which the applicants stated that they would appear at a hearing on the instant applications; and

It further appearing that after consideration of the foregoing and the applicants' replies, the Commission is still unable to make the statutory finding that a grant of the applications would serve the public interest, convenience, and necessity; and is of the opinion that the applications must be designated for hearing in a consolidated proceeding on the issues specified below:

It is ordered, That pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine the areas and populations which would receive primary service from Pioneer Broadcasting Company and Fortune Broadcasting and the availability of other primary service to such areas and populations.

2. To determine the areas and populations which may be expected to gain or lose primary service from the proposed operation of Station KVOG and the availability of other primary service to such areas and populations.

3. To determine the nature and extent of the interference, if any, that each of the instant proposals would cause to and receive from each other and all other existing standard broadcast stations, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

4. To determine whether the interference received from any of the other proposals herein and any existing stations would affect more than ten percent of the population within the normally protected primary service area of any one of the instant proposals in contravention of § 3.28(c) (3) of the Commission rules and, if so, whether circumstances exist which would warrant a waiver of said Section.

5. To determine whether the instant proposal of Pioneer Broadcasting Company would involve objectionable interference with Station KVOG, Ogden, Utah, or any other existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and popu-

lations affected thereby, and the availability of other primary service to such areas and populations.

6. To determine whether the instant proposal of Fortune Broadcasting would involve objectionable interference with Station KEYY, Provo, Utah, and existing KVOG, Ogden, Utah, or any other existing standard broadcast stations, and if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

7. To determine whether overlap of the 2 mv/m and 25 mv/m contours would occur between the instant proposal of Fortune Broadcasting and the proposal of KVOG in contravention of § 3.37 of the Commission rules.

8. To determine, in the light of section 307(b) of the Communications Act of 1934, as amended, which of the instant proposals would best provide a fair, efficient and equitable distribution of radio service.

9. To determine, in the light of the evidence adduced pursuant to the foregoing issues which, if any, of the instant applications should be granted.

It is further ordered, That Mid-Utah Broadcasting Company, licensee of Station KEYY, Provo, Utah, is made a party to the proceeding, and United Broadcasting Company is made a party respondent with respect to the existing operation of Station KVOG, Ogden, Utah.

It is further ordered, That, to avail themselves of the opportunity to be heard, the applicants and parties respondent herein, pursuant to § 1.140 of the Commission rules in person or by attorney, shall within 20 days of the mailing of this order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

It is further ordered, That, the issues in the above-captioned proceeding may be enlarged by the Examiner, on his own motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue: To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 28, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6306; Filed, July 30, 1959;
8:47 a.m.]

[Docket No. 12882; FCC 59M-952]

HAROLD O. TOWNSEND

Order Scheduling Hearing

In the matter of Harold O. Townsend, 324 Brentwood Road, Bayshore, New York, Docket No. 12882; application for renewal of radiotelephone first class operator license No. P1-2-6668.

It is ordered, This 24th day of July 1959, that Millard F. French will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on October 14, 1959, in Washington, D.C.

Released: July 27, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6307; Filed, July 30, 1959;
8:47 a.m.]

BALD EAGLE-NITTANY BROADCASTERS AND SUBURBAN BROADCASTING CORP.

Order Designating Applications for Consolidated Hearing on Stated Issues

In reapplications of W. K. Ulerich, Milton J. Bergstein and John A. Dame, d/b as Bald Eagle-Nittany Broadcasters, Bellefonte, Pennsylvania, Requests 1390 kc, 500 w, Day, Docket No. 12955, File No. BP-11998; Suburban Broadcasting Corp., State College, Pennsylvania, Requests 1390 kc, 500 w, Day, Docket No. 12956, File No. BP-12007; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 22d day of July 1959;

The Commission having under consideration the above-captioned and described applications;

It appearing that except as indicated by the issues specified below, each of the applicants is legally, technically, financially, and otherwise qualified to construct and operate its instant proposal; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission in a letter dated June 10, 1959, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of either of the applications would serve the public interest, convenience, and necessity, and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing that the instant applicants filed timely replies to the aforementioned letter, which replies have not, however, entirely eliminated the grounds and reasons precluding a grant of the said applications and requiring a hearing on the particular issues hereinafter specified; and in which the applicants stated that they would appear at a hearing on the instant applications; and

It further appearing that in the Commission's said letter it was pointed out that Suburban Broadcasting Corp. had submitted insufficient information from which to determine that it was financially qualified; but that, in a timely re-

ply, the applicant showed total funds available of \$44,000, and equipment manufacturer's credit of \$13,747; and that we have determined from the showing that the applicant has sufficient funds to meet the \$18,080 necessary for the construction and early operation of the proposed station, and the \$25,161 necessary for instant applicant's application for a construction permit for a new standard broadcast station in Elkton, Maryland; and that the applicant is, therefore, financially qualified; and

It further appearing that after consideration of the foregoing and the applicants' replies, the Commission is still unable to make the statutory finding that a grant of the applications would serve the public interest, convenience, and necessity; and is of the opinion that the applications must be designated for hearing in a consolidated proceeding on the issues specified below;

It is ordered, That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine the areas and populations which would receive primary service from each of the applicants and the availability of other primary service to such areas and populations.

2. To determine whether a grant of the instant proposal of Bald Eagle-Nittany Broadcasters would be in contravention of § 3.35(b) of the Commission rules with respect to concentration of control.

3. To determine, in the light of section 307(b) of the Communications Act of 1934, as amended, which of the instant proposals would best provide a fair, efficient and equitable distribution of radio service.

4. To determine, in the light of the evidence adduced pursuant to the foregoing issues which, if either of the instant applications should be granted.

It is further ordered, That, to avail themselves of the opportunity to be heard, the applicants herein, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within 20 days of the mailing of this Order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this Order.

It is further ordered, That, the issues in the above-captioned proceeding may be enlarged by the Examiner, on his own motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue: To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 28, 1959.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F.R. Doc. 59-6308; Filed, July 30, 1959;
8:47 a.m.]

FEDERAL POWER COMMISSION

[Docket Nos. G-19030, 19031]

ALLEGHENY LAND AND MINERAL CO. ET AL.

Order for Hearings and Suspending Proposed Changes in Rates¹

JULY 24, 1959.

In the matters of Allegheny Land and Mineral Company, Docket No. G-19030; J. W. Cunningham et al. Docket No. G-19031.

Allegheny Land and Mineral Company (Allegheny) and J. W. Cunningham, et al (Cunningham) on June 11, 1959, and June 25, 1959, respectively, tendered for filing proposed changes in presently effective rate schedules for sales of natural gas subject to the jurisdiction of the Commission. The purchaser in each instance is Hope Natural Gas Company. The proposed changes, which constitute increased rates and charges, are contained in the following designated filings:

	Docket No. G-19030, Allegheny Land and Mineral Co.	Docket No. G-19031, J. W. Cunningham, et al.
Notice of change dated.	6-8-59	6-23-59
Rate schedule number.	3	1
Supplement number.	3	9
Effective date.	7-29-59	7-26-59
Suspended until.	12-29-59	12-26-59

¹ The stated effective date is that proposed by Allegheny.

² The stated effective date is the first day after expiration of the required 30 days' notice.

In support of the proposed favored nation rate increases, both Allegheny and Cunningham refer to the contract provisions and submit copies of the purchaser's letters agreeing to the increases in price. In addition, Cunningham cites the increased cost of living and states that the increase is provided for by contract terms. Allegheny states that it is committed to complete a minimum of thirty wells; that its drilling program is just getting under way; that it has realized income from only one well during April and May 1959; and that the wells are small and must be operated with great care and efficiency in order to provide a reasonable return on investment. Allegheny also states that, in order to raise sufficient venture capital, it assured its associates that they would have an opportunity to benefit from any price increase.

The increased rates and charges so proposed have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon hearings concerning the lawfulness of the several proposed changes and that the above-designated

¹ This order does not provide for the consolidation for hearing or disposition of the separately docketed matters covered herein, nor should it be so construed.

supplements be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure, and the regulations under the Natural Gas Act (18 CFR Ch. I), public hearings be held upon dates to be fixed by notices from the Secretary concerning the lawfulness of the several proposed increased rates and charges contained in the above-designated supplements.

(B) Pending hearings and decisions thereon, Supplement No. 3 to Allegheny's FPC Gas Rate Schedule No. 3 is hereby suspended and the use thereof deferred until December 29, 1959; Supplement No. 9 to Cunningham's FPC Gas Rate Schedule No. 1 is hereby suspended and the use thereof deferred until December 26, 1959; and each of the aforementioned supplements shall remain suspended until such further time as they are made effective in the manner prescribed by the Natural Gas Act.

(C) Neither the supplements hereby suspended, nor the rate schedules sought to be altered thereby, shall be changed until these proceedings have been disposed of or until the periods of suspension have expired, unless otherwise ordered by the Commission.

(D) Interested State commissions may participate as provided by §§ 1.8 and 1.37(f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37(f)).

By the Commission.

JOSEPH H. GUTRICH,
Secretary.

[F.R. Doc. 59-6317; Filed, July 30, 1959;
8:48 a.m.]

[Docket No. G-19005]

ARKANSAS FUEL OIL CORP.

Order for Hearing, Suspending Proposed Change in Rate, and Allowing Changed Rate To Become Effective

JULY 24, 1959.

Arkansas Fuel Oil Corporation (Arkansas Fuel) on June 26, 1959 tendered for filing a proposed change in its presently effective rate schedule¹ for sales of natural gas subject to the jurisdiction of the Commission. The proposed change, which constitutes an increased rate and charge, is contained in the following designated filing:

Description: Notice of Change, dated June 24, 1959.

Purchaser: Southern Natural Gas Company. Rate schedule designation: Supplement No. 13 to Arkansas Fuel's FPC Gas Rate Schedule No. 7.

Effective date: July 27, 1959 (stated effective date is the first day after expiration of the required thirty days' notice).

Arkansas Fuel's proposed redetermined rate increase includes a questionable interpretation of the tax reimburse-

¹ Present rate is in effect subject to refund in Docket No. G-17680.

ment provisions of its contract with the purchaser. The purchaser originally protested this questionable interpretation prior to the suspension in Docket No. G-17680 of Arkansas Fuel's proposed change in rate to reflect reimbursement for the Louisiana severance tax.

The increased rate and charge so proposed has not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful. It is therefore deemed advisable to suspend the said proposed increased rate and charge. This suspension, however, is based on the questionable interpretation of the tax provisions of the contract and only such tax reimbursement portion of the proposed rate shall be subject to refund.

The Commission finds:

(1) It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the proposed change, and that Supplement No. 13 to Arkansas Fuel's FPC Gas Rate Schedule No. 7 be suspended and the use thereof deferred as hereinafter ordered.

(2) It is necessary and proper in the public interest in carrying out the provisions of the Natural Gas Act that the proposed rate be made effective as hereinafter provided and that Arkansas Fuel be required to file an undertaking as hereinafter ordered and conditioned.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure, and the regulations under the Natural Gas Act (18 CFR, Ch. I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of the proposed rate and charge contained in Supplement No. 13 to Arkansas Fuel's FPC Gas Rate Schedule No. 7.

(B) Pending such hearing and decision thereon, said supplement is hereby suspended and the use thereof deferred until July 28, 1959, and thereafter until such further time as it is made effective in the manner hereinafter prescribed.

(C) The rate, charge, and classification set forth in said supplement shall be effective on July 28, 1959: *Provided, however*, That within 20 days from the date of this order, Arkansas Fuel shall execute and file with the Secretary of the Commission the agreement and undertaking described in paragraph (E) below.

(D) Arkansas Fuel shall refund at such times and in such amounts to the persons entitled thereto, and in such manner as may be required by final order of the Commission, the portion of the increased rate found by the Commission in this proceeding not justified, together with interest thereon at the rate of six percent per annum from the date of payment to Arkansas Fuel until refunded; shall bear all costs of any such refunding; shall keep accurate accounts in detail of all amounts received by reason of the changed rate or charge allowed by this order to become effective, for each billing period, specifying by whom and in whose behalf such amounts were paid;

and shall report (original and one copy), in writing and under oath, to the Commission monthly, or quarterly if Arkansas Fuel so elects and so notifies the Commission within 20 days after the issuance of this order, for each billing period, and for each purchaser, the billing determinants of natural gas sales to such purchasers, and the revenues resulting therefrom, as computed under the rate in effect immediately prior to the date upon which the rate allowed by this order becomes effective, and under the rate allowed by this order to become effective, together with the differences in the revenues so computed.

(E) As provided in paragraph (C), within 20 days from the date of issuance of this order, Arkansas Fuel shall execute and file in triplicate with the Secretary of this Commission its written agreement and undertaking to comply with the terms of paragraph (D) hereof, as follows:

Agreement and Undertaking of Arkansas Fuel Oil Corporation To Comply With the Terms and Conditions of Paragraph (D) of Federal Power Commission's Order for Hearing, Suspending Proposed Change in Rate, and Allowing Changed Rate To Become Effective

In conformity with the requirements of the order issued _____, 1959, in Docket No. G-19005, Arkansas Fuel Oil Corporation hereby agrees and undertakes to comply with the terms and conditions of paragraph (D) of said order, and for that purpose has caused this agreement and undertaking to be executed and sealed in its name by its officers, thereupon duly authorized in accordance with the terms of the resolution of its Board of Directors, a certified copy of which is appended hereto this _____ day of _____, 1959.

By _____
Witness: _____
Secretary

As a further condition of this order Arkansas Fuel shall file with said agreement and undertaking a certificate showing service of copies thereof upon all purchasers under the rate schedule involved. Unless Arkansas Fuel is advised to the contrary within 15 days after the date of filing such agreement and undertaking, the agreement and undertaking shall be deemed to have been accepted.

(F) If Arkansas Fuel shall, in conformity with the terms and conditions of paragraph (D) of this order, make the refunds as may be required by order of the Commission, the undertaking shall be discharged; otherwise it shall remain in full force and effect.

(G) Neither the supplement hereby suspended nor the rate schedule sought to be altered thereby shall be changed until the period of suspension has expired, unless otherwise ordered by the Commission.

(H) Interested State commissions may participate as provided by §§ 1.8 and 1.37(f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37(f)).

By the Commission.

J. H. GUTRAME,
Secretary.

[F.R. Doc. 59-6318; Filed, July 30, 1959; 8:48 a.m.]

[Docket No. G-16542]

COASTAL STATES GAS PRODUCING CO.

Notice of Application and Date of Hearing

JULY 24, 1959.

Take notice that on October 7, 1958, Coastal States Gas Producing Company (Applicant) filed an application in Docket No. G-16542, pursuant to section 7(c) of the Natural Gas Act, for a certificate of public convenience and necessity seeking authorization to continue the sale of natural gas to Trunkline Gas Company (Trunkline), purchased from certain producers in the East Mathis, Het, Willman, and North Willman Fields, in San Patricio County, Texas, formerly rendered by Gas Gathering Company (Gathering) under a sales contract dated August 18, 1955, previously accepted for filing as Gas Gathering Company FPC Gas Rate Schedule No. 12, all as more fully described in the application on file with the Commission and open to public inspection.

Concurrently with its certificate application in Docket No. G-16542, Applicant filed a copy of the certificate of dissolution and a notice of succession to Gathering's FPC Gas Rate Schedule No. 12. Gathering's FPC Gas Rate Schedule No. 12 has been redesignated Coastal States Gas Producing Company FPC Gas Rate Schedule No. 10, and the certificate of dissolution as Supplement No. 2 thereto.

Take further notice that on May 11, 1959, Applicant filed a supplement to its application wherein Applicant states it has committed to said contract of August 18, 1955, with Trunkline, additional supplies of natural gas produced by Chizum, Rhodes & Hicks, et al. in the North Mathis Area, San Patricio County, Texas. Such gas is purchased by Applicant pursuant to a gas sales contract dated July 8, 1958, by and between Chizum, Rhodes & Hicks, et al., as sellers, and Applicant, as buyer.

This matter is one that should be disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on August 27, 1959, at 9:30 a.m., e.d.s.t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D.C., concerning the matters involved in and the issues presented by such application: *Provided, however*, That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 1.30(c) (1) or (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure

(18 CFR 1.8 or 1.10) on or before August 17, 1959. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 59-6319; Filed, July 30, 1959;
8:48 a.m.]

[Docket No. G-19041]

PERMIAN BASIN PIPELINE CO.

Order Providing for Hearing and Suspending Proposed Revised Tariff Sheet

JULY 24, 1959.

Permian Basin Pipeline Company (Permian), on June 26, 1959, tendered for filing Third Revised Sheet No. 5 to its FPC Gas Tariff, Original Volume No. 1, to become effective August 1, 1959, proposing an annual increase in its rates and charges to its affiliate Northern Natural Gas Company of \$334,400 or 1.0 percent over the rates presently in effect subject to refund in Docket No. G-15336.

Permian supports its proposed increase by citing higher costs of purchased gas and by claiming a 6.75 percent rate of return.

The proposed increased rates and charges have not been supported in several respects, including, but not limited to, the method of computing net gas plant, inclusion of minimum bank balances in working capital, offsetting working capital with only one-third of federal income tax accruals, the proposed rate of return, and the method of allocating costs.

The proposed changes in rates, charges, classifications, or services, provided for in the tariff sheets tendered by Permian on June 26, 1959, have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

On July 21, 1959, twenty-seven utility customers of Northern Natural Gas Company¹ (Northern) filed a Motion requesting that the Commission issue an order rejecting the revised Tariff Sheet, referred to above, or, in the alternative, that the Commission issue an order accepting said revised Tariff Sheet and dismissing the proceedings in Docket No. G-15336. The Commission has not had sufficient time to properly consider the Motion.

The Commission finds:

(1) It is necessary and proper in the public interest, and to aid in the enforcement of the provisions of the Natural Gas Act, that the Commission enter upon a hearing concerning the lawfulness of the rates, charges, classifications, and services contained in Permian's FPC Gas Tariff, Original Volume No. 1 as proposed to be amended by Third Revised Sheet No. 5 and that the

above-designated tariff sheet and the rates proposed therein be suspended and the use thereof deferred as hereinafter ordered.

(2) The effectiveness of this order should be subject to such future action as the Commission may deem necessary in respect to the Motion filed July 21, 1959, by certain utility customers of Northern.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure, and the regulations under the Natural Gas Act (18 CFR Ch. I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of the rates, charges, classifications, and services contained in Permian's FPC Gas Tariff, Original Volume No. 1 as proposed to be amended by Third Revised Sheet No. 5.

(B) Pending such hearing, and decision thereon, the above-designated tariff sheet and the rates proposed therein are suspended and the use thereof deferred until January 1, 1960, and until such further time as they may be made effective in the manner prescribed by the Natural Gas Act.

(C) The effectiveness of this order is subject to such future action as the Commission may deem necessary in respect to the Motion filed July 21, 1959, by certain utility customers of Northern.

(D) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37(f)).

By the Commission.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 59-6321; Filed, July 30, 1959;
8:49 a.m.]

[Docket No. G-19040]

NORTHERN NATURAL GAS CO.

Order Providing for Hearing and Suspending Proposed Revised Tariff Sheets

JULY 24, 1959.

Northern Natural Gas Company (Northern) on June 26, 1959, tendered for filing the following revised tariff sheets: Fourth Revised Sheets Nos. 4, 5, 6, 9, 10, 11, 14, 15 and 16 to Northern's FPC Gas Tariff, First Revised Volume No. 1. The above revised tariff sheets, proposed to become effective July 27, 1959, reflect an annual increase under its zoned contract demand service rate schedules of \$10,675,920 or 7.6 percent over the rates presently in effect subject to refund in Docket No. G-15335.¹

In support of the proposed increase Northern states that it is based upon (1) increased plant in service; (2) increased cost of purchased gas due to increased takes of high priced gas and shifts in sources of supply; (3) increased operat-

ing costs; (4) a 6.75 percent annual rate of return in lieu of lesser rates proposed in pending increases and in lieu of the 6 percent annual rate approved by the Commission in the last rate settlement; and (5) increased income taxes resulting from the higher return.

The proposed increased rates and charges have not been supported in several respects, including, but not limited to, the method of computing net gas plant, inclusion of minimum bank balances in working capital, offsetting working capital with only one-third of federal income tax accruals, inclusion of a \$1,200,000 increase in cost of gas purchased from Dorchester Corporation under rates suspended until November 7, 1959, and other increases in cost of purchased gas not yet incurred, the proposed rate of return, the method of classifying and allocating costs, and the proposal to apply the entire rate increase to demand charges while retaining the presently effective commodity rates.

The proposed changes in rates, charges, classifications, or services provided for in the tariff sheets tendered by Northern on June 26, 1959 have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

Northern has requested in respect to the Dorchester increase that if the inclusion of such increased cost of purchased gas data is deemed to be inconsistent with the requirements of § 154.63 (b) (3) (i) (e) of the Commission's regulations under the Natural Gas Act, said Section be waived and that Northern be permitted to include the Dorchester increase in its costs support. Northern reasons that since Dorchester's increase has been suspended until November 7, 1959, and since Northern's test period ends on August 31, 1959, the exclusion of the Dorchester increase is inconsistent with the purposes of § 154.63 (b) (3) (i) (e) of the regulations.

On July 21, 1959, twenty-seven utility customers of Northern filed a Motion requesting that the Commission issue an order rejecting the revised Tariff Sheets, referred to above, or, in the alternative, that the Commission issue an order accepting said revised Tariff Sheets and dismissing the proceedings in Docket Nos. G-12153 and G-15335. The Commission has not had sufficient time to properly consider the Motion.

The Commission finds:

(1) It is necessary and proper in the public interest, and to aid in the enforcement of the provisions of the Natural Gas Act, that the Commission enter upon a hearing concerning the lawfulness of the rates, charges, classifications, and services contained in Northern's FPC Gas Tariff, First Revised Volume No. 1, as proposed to be amended by Fourth Revised Sheets Nos. 4, 5, 6, 9, 10, 11, 14, 15 and 16 and that the above-designated tariff sheets and the rates proposed therein be suspended and the use thereof deferred as hereinafter ordered.

(2) The inclusion of the increased cost of gas purchased from Dorchester is inconsistent with the requirements of § 154.63 (b) (3) (i) (e) of the Commission's regulations under the Natural Gas Act.

¹ Northern purchases gas under the revised Tariff Sheet involved herein.

¹ Northern also has a rate increase pending in Docket No. G-12153.

(3) The requirements of § 154.63(b) (3) (i) (e) of the regulations should be waived to permit Northern to include the increased cost of gas purchased from Dorchester.

(4) The effectiveness of this order should be subject to such future action as the Commission may deem necessary in respect to the Motion filed July 21, 1959, by certain utility customers of Northern.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure, and the regulations under the Natural Gas Act (18 CFR Ch. I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of the rates, charges, classifications, and services contained in Northern's FPC Gas Tariff, First Revised Volume No. 1 as proposed to be amended by Fourth Revised Sheets Nos. 4, 5, 6, 9, 10, 11, 14, 15 and 16.

(B) Pending such hearing, and decision thereon, the above-designated tariff sheets and the rates proposed therein be suspended and the use thereof deferred until December 27, 1959, and until such further time as they may be made effective in the manner prescribed by the Natural Gas Act.

(C) The requirements of § 154.63(b) (3) (i) (e) of the regulations under the Natural Gas Act in respect to the increased cost of gas purchased from Dorchester be waived, and Northern permitted to include such cost support.

(D) The effectiveness of this order is subject to such future action as the Commission may deem necessary in respect to the Motion filed July 21, 1959, by certain utility customers of Northern.

(E) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37(f)).

By the Commission.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 59-6320; Filed, July 30, 1959;
8:49 a.m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

ELSA MODIANO VEZZANI

Notice of Intention To Return Vested Property

Pursuant to section 32(f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate

provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Elsa Modiano Vezzani, Florence, Italy;
\$467.00 In the Treasury of the United States.
Vesting Order No. 17814, Claim No. 61562.
Executed at Washington, D.C., on
July 10, 1959.

For the Attorney General.

[SEAL]

PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F.R. Doc. 59-6295; Filed, July 30, 1959;
8:46 a.m.]

INTERSTATE COMMERCE COMMISSION

FOURTH SECTION APPLICATIONS FOR RELIEF

JULY 28, 1959.

Protests to the granting of an application must be prepared in accordance with Rule 40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT HAUL

FSA No. 35581: *Starch and dextrine from Cedar Rapids, Iowa.* Filed by Western Trunk Line Committee, Agent (No. A-2074), for interested rail carriers. Rates on starch and dextrine, in carloads from Cedar Rapids, Iowa, to Brunswick, Ga., Quinlan and Tampa, Fla., and Wilmington, N.C.

Grounds for relief: Market competition.

Tariff: Supplement 120 to Western Trunk Line Committee tariff I.C.C. A-4171.

FSA No. 35582: *Joint water—Motor rates between central and western points.* Filed by The Detroit Atlantic Navigation Corp., Agent (No. 1), for interested motor carriers. Rates on various articles of freight moving on joint motor-water, water-motor, and motor-water-motor class and commodity rates between points in Kentucky, Michigan, Ohio, and Pennsylvania, on the one hand, and points in Minnesota, North Dakota, and Wisconsin, on the other, via Detroit, Mich., or Cleveland, Ohio, in the East, and Duluth, Minn., in the West.

Grounds for relief: Competition of rail or motor carriers.

Tariff: Detroit Atlantic Navigation Corp. tariff No. 100, I.C.C. No. 7.

FSA No. 35583: *Sand—Standard Pit, Ind., to Goreville, Ill.* Filed by Illinois Freight Association, Agent (No. 70), for and on behalf of the Chicago & Eastern Illinois Railroad Company. Rates on sand, in open-top cars, carloads, as described in the application from Standard Pit, Ind., to Goreville, Ill.

Grounds for relief: Competition of motor trucks from wayside pit to jobsite.

Tariff: Supplement 119 to Chicago & Eastern Illinois Railroad Company's tariff I.C.C. 144.

FSA No. 35584: *Caustic soda—Southwest to Western Trunk Line points.* Filed by Southwestern Freight Bureau, Agent (No. B-7595), for interested rail carriers. Rates on liquid caustic soda, tank-car loads from Baldwin, Ark., Lake Charles, West Lake Charles, Plaquemine, La., Corpus Christi, Freeport, Houston, and Port Neches, Tex., to specified points in Michigan, Minnesota and Wisconsin.

Grounds for relief: Short-line distance formula and market competition.

Tariffs: Supplement 393 to Southwestern Freight Bureau tariff I.C.C. 4087. Supplement 599 to Southwestern Freight Bureau tariff I.C.C. 4139. Supplement 170 to Southwestern Freight Bureau tariff I.C.C. 4187.

FSA No. 35585: *Grain and related products—Western points to Texas ports.* Filed by The Chicago, Rock Island and Pacific Railroad Company, Agent (No. 884), for interested rail carriers. Rates on corn, oats, sorghum grains, and soybeans, carloads from stations on the Rock Island in Iowa, Minnesota, and Missouri to Corpus Christi and Orange, Tex., for export.

Grounds for relief: Port equalization with other Texas ports and Louisiana Gulf ports.

Tariff: Supplement 5 to Chicago, Rock Island and Pacific Railroad Company tariff I.C.C. C-13604.

FSA No. 35586: *Substituted service—M-K-T Lines for Chief Freight Lines.* Filed by J. D. Hughett, Agent (No. 19), for interested carriers. Rates on property loaded in trailers, and empty highway trailers, transported on railroad flat cars between Muskogee, Okla., on the one hand, and Dallas and Ft. Worth, Tex., on the other, on traffic originating at or destined to points beyond the named points.

Grounds for relief: Motor truck competition.

Tariff: Supplement 3 to Agent J. D. Hughett's tariff MF-I.C.C. 285.

FSA No. 35587: *Substituted service—M-K-T Lines for Consolidated Forwarding Co.* Filed by J. D. Hughett, Agent (No. 20), for interested carriers. Rates on property loaded in trailers and empty highway trailers, transported on railroad flat cars between Muskogee, Okla., on the one hand, and Ft. Worth, Tex., on the other, on traffic destined to or originating at points beyond the named points.

Grounds for relief: Motor truck competition.

Tariff: Supplement 3 to Agent J. D. Hughett's tariff MF-I.C.C. 285.

FSA No. 35588: *Rock salt—Louisiana Mines to Louisville, Ky.* Filed by South-

western Freight Bureau, Agent (No. B-7597), for interested rail carriers. Rates on rock salt, loose, in bulk, carloads from Avery Island, Jefferson Island, Weeks, and Winnfield, La., to Louisville, Ky.

Grounds for relief: Carrier market competition at Louisville with Detroit, Mich.

Tariff: Supplement 24 to Southwestern Freight Bureau tariff I.C.C. 4263.

FSA No. 35589: *Substituted service—M-K-T Lines for Gillette Motor Transport, Inc.* Filed by J. D. Hughett, Agent (No. 15), for interested carriers. Rates on freight loaded in trailers, and empty highway trailers, transported on railroad flat cars between Muskogee, Okla., on the one hand, and Dallas and Ft. Worth, Tex., on the other, on traffic originating at or destined to points beyond the named points.

Grounds for relief: Motor truck competition.

Tariff: Supplement 3 to Agent J. D. Hughett's tariff MF-I.C.C. 285.

By the Commission.

[SEAL]

HAROLD D. MCCOY,
Secretary.

[F.R. Doc. 59-6292; Filed, July 30, 1959; 8:45 a.m.]

CUMULATIVE CODIFICATION GUIDE—JULY

A numerical list of the parts of the Code of Federal Regulations affected by documents published to date during July. Proposed rules, as opposed to final actions, are identified as such.

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